



Recent Kentucky Tuition Increases May Prevent the Achievement of the Commonwealth's 2020 Postsecondary Education Goals

Tuition policy decisions at the state and institutional levels are having a detrimental impact on the achievement of the 2020 postsecondary education goals.

- *Undergraduate enrollment in Kentucky's four-year institutions is growing at a level insufficient to reach these goals.*
- *Since the fall of 2003, total full-time undergraduate resident enrollment in Kentucky's two-year and four-year systems combined has decreased by nearly 900 students.*
- *Nonresident enrollment is growing at a higher rate than resident enrollment. Since the adoption of postsecondary education reform, 45% (4,470 of 9,858 students) of the increase in full-time undergraduate enrollment was due to nonresidents.*

The basis of the Kentucky Postsecondary Education Improvement Act of 1997 was that the general welfare and material well-being of citizens of the Commonwealth depend in large measure upon the development of a well-educated and highly trained workforce. The General Assembly set forth goals to be achieved on behalf of the people of the Commonwealth by the year 2020, which are codified in KRS 164.003. According to the General Assembly, "the achievement of these goals will only be accomplished through increased educational attainment at all levels."

The number of Kentuckians holding a bachelor's degree needs to double by the year 2020 to achieve the goals outlined in the Kentucky Postsecondary Education Improvement Act of 1997. The Kentucky Council on Postsecondary Education (CPE) asserts that Kentucky needs 791,000 bachelor's degree holders by the year 2020 to reach the projected national average in educational attainment. In 2000, Kentucky had 402,000 bachelor's degree holders. According to CPE, if Kentucky continues to perform at its current level, it will have 580,000 bachelor's degree holders by 2020, falling short of its educational attainment goal by 211,000 degrees.

The Kentucky Long-Term Policy Research Center recently estimated that reaching the national average in educational attainment by 2020 could result in a cumulative increase of \$5.3 billion in state revenue and \$71 billion in personal income, as well as such benefits as:

- Higher paying jobs and lower unemployment;
- A stronger tax base and faster economic growth;
- More community service and charitable giving; and,
- Higher voter turnout and increased civic participation.

For Kentucky's legislators, policy makers, and educators to accomplish the established goals, the affordability of Kentucky's higher education tuition must be a priority. Budget decisions made by members of the executive and legislative branches impact Kentucky's public institutions' tuition rates. Adequate attention needs to be given by these decision makers to ensure that Kentuckians achieve higher education levels.

The data analysis conducted by the Auditor of Public Accounts (APA), and described herein, should facilitate an informed debate of the following public policy questions:

With so much at stake, are we sure that the taxpayers' best interests are being kept in mind during the setting of tuition rates and nonresident/resident ratios at our public postsecondary education institutions?

Are nonresident students paying their fair share at our four-year public postsecondary education institutions?

Is the amount of state support provided through financial aid and scholarships at an appropriate level to respond to increased tuition rates?

And, most importantly, do the goals of the Kentucky Postsecondary Education Improvement Act of 1997 remain attainable under these circumstances?

Background

Since the 2001-02 academic year, average resident tuition at a public four-year postsecondary education institution is up 35% nationally and 56% in Kentucky, after adjusting for inflation. For the most recent academic year, tuition rates increased 6.3% nationally, while tuition in Kentucky increased 12.4%.

The following table (**Table 1**) displays the change in tuition charged by the four-year and the two-year public postsecondary education institutions. A comparison of the four-year system average is also included.

Table 1. Full-Time Undergraduate Resident Tuition

Kentucky Institution	Tuition 1998-99	Tuition 2006-07	Difference
EKU	\$2,190	\$5,192	\$3,002
KSU	2,170	4,950	2,780
MoSU	2,270	4,870	2,600
MuSU	2,300	4,998	2,698
NKU	2,264	5,448	3,184
UK*	3,016	6,604	3,588
UofL	2,920	6,252	3,332
WKU	2,260	5,860	3,600
Four-Year System Average	\$2,424	\$5,522	\$3,098
Two-Year System Average	\$1,140	\$2,616	\$1,476

*UK has had differentiated tuition based on academic level since the 2004-05 academic year. The rate used for UK in the 2006-07 academic year is an average of the upper and lower division rates.

Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

According to CPE's headcount data, total undergraduate enrollment at Kentucky's public postsecondary education institutions has increased substantially (44%, or by 55,479 students) since the passage of the Kentucky Postsecondary Education Improvement Act of 1997. Headcount data include both full-time and part-time, resident and nonresident students who are enrolled at a particular level of education (undergraduate, graduate, or other).

The following table (**Table 2**) compares the fall 2006 total headcount of undergraduates at each of the institutions in the four-year system, as well as the two-year system total, to the same figures from the fall of 1998.

Table 2. Total Headcount of Undergraduates

Kentucky Institution	Enrollment Fall 1998	Enrollment Fall 2006	Difference
EKU	13,480	13,623	143
KSU	2,205	2,341	136
MoSU	6,743	7,515	772
MuSU	7,349	8,607	1,258
NKU	10,643	12,668	2,025
UK	17,157	19,328	2,171
UofL	14,647	15,103	456
WKU	12,713	16,067	3,354
Four-Year System Total	84,937	95,252	10,315
Two-Year System Total	41,311	86,475	45,164
Total for Both Systems	126,248	181,727	55,479

Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

CPE often utilizes headcount data to support figures included in their press releases and reports, such as the just released 2005-06 Kentucky Postsecondary Education Accountability Report; however, CPE's headcount data does not separate enrollment data to provide the information needed to measure the Commonwealth's progress toward increased educational attainment. First, total headcount values part-time students the same as full-time students. Second, it does not differentiate between resident and nonresident enrollments, an important distinction since the goals established by the Kentucky Postsecondary Education Improvement Act were to be achieved on behalf of the people of the Commonwealth. Third, headcount enrollment data includes both the two-year and four-year education systems, making an analysis of progress towards an increased number of bachelor's degrees more difficult. For these reasons, the APA requested detailed enrollment data so that our analysis could go beyond basic headcount data.

While our report focuses on the goal of educating the people of the Commonwealth, recent progress in the number of nonresident students that choose to stay in Kentucky has been reported by CPE. The 2005-06 Kentucky Postsecondary Education Accountability Report stated that 37% of nonresident students remain in Kentucky after graduation. This estimate is based on an analysis of Kentucky driver's license records.

Terms Used in this Report

Students are classified as **Full-time** or **Part-time** based on the number of credit hours in which he or she is enrolled in a given semester. Generally, enrollment in less than twelve credit hours per semester is considered part-time at the undergraduate level.

For the purposes of this report, Kentucky's eight public postsecondary education institutions include the following four-year universities and will sometimes be jointly referred to in this report as the **Four-Year System**:

- Eastern Kentucky University (**EKU**);
- Kentucky State University (**KSU**);
- Morehead State University (**MoSU**);
- Murray State University (**MuSU**);
- Northern Kentucky University (**NKU**);
- University of Kentucky (**UK**);
- University of Louisville (**UofL**); and
- Western Kentucky University (**WKU**).

Full-Time Equivalency (FTE) is an enrollment calculation used to equate the effort of part-time students expressed as a portion of the equivalent for a full-time student. In Kentucky, FTE is calculated as the number of full-time students added to one-third the number of part-time students.

Postsecondary educational **Level** is defined as simply undergraduate, graduate, or first-professional, or by the credential being sought including certificates, diplomas, associate's degrees, bachelor's degrees, etc.

Students are classified as in-state (**Resident**) or out-of-state (**Nonresident**). Residency status determines which tuition rate applies to which student.

Southern Regional Education Board (SREB) State Data Exchange is a cooperative effort of SREB and the statewide higher education governing and coordinating boards in the South. The SREB State Data Exchange was founded in 1969-70 and is one of the nation's oldest, most comprehensive sources of comparative data on public higher education. The Data Exchange annually collects, compiles, and publishes the most up-to-date statistics on postsecondary education in the 16-state SREB region, including information by institutional category.

State Tuition Reciprocity Agreements are arrangements between two or more states where the citizens of a defined region in one state can enroll at identified institutions or selected programs in another state and vice versa for a reduced tuition charge and also may receive special treatment for admission purposes.

Student Enrollment or Headcount is expressed as a count of individual students by institution. Numbers can be expressed as totals or by **subsets**, such as full-time undergraduate residents.

Tuition includes mandatory fees assessed by the university. Unless otherwise identified, tuition rates cited in this report represent the sum of the amounts charged during the fall and spring semesters of a given academic year.

Briefing Report Objectives, Scope, and Methodology

The purpose of this briefing is to provide analysis of recent historical data from Kentucky's eight four-year public postsecondary education institutions and the Kentucky Community and Technical College System (**KCTCS**). KCTCS is a system of two-year public postsecondary education institutions and will be discussed in **Finding #5**.

The Auditor of Public Accounts reviewed enrollment and tuition information from the postsecondary institutions for the nine academic years following the passage of the 1997 reform act (1998-99, 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, and 2006-07). CPE's Comprehensive Database was the main source of this information. Additional information concerning state support for the eight institutions came from the SREB.

For comparative purposes, tuition and enrollment data (resident versus nonresident) of other states' four-year public postsecondary education institutions were also obtained. These figures either came from US News and World Report's *America's Best Colleges 2007* or from the web site of the individual university. Tuition rates are from the 2006-07 academic year, while the enrollment breakdown is based on data from the fall of 2005.

Findings

Finding #1: *As tuition rates have risen dramatically, full-time undergraduate resident enrollment has slowed or leveled off. Increases in tuition affect Kentuckians' abilities to afford postsecondary education.*

Tuition at Kentucky's eight four-year public postsecondary education institutions has steadily increased since the passage of the Postsecondary Education Improvement Act. Since the 2002-03 academic year, the average cost of tuition in Kentucky's four-year system required of a full-time undergraduate resident has grown by 66%. In comparison, inflation only increased 12.84% since August 2002.

The 2002-03 academic year is used as the baseline for calculations and comparisons made by the APA because general fund appropriations for postsecondary education decreased that fiscal year. Following this academic year, tuition rates across the four-year system saw a greater than usual increase. This increase has continued even though appropriations began seeing positive growth in the following budget years. Between the 1998-99 academic year and the 2002-03 academic year, Kentucky tuition increased on average 8.24% per year; however, tuition increases since the 2003-04 academic year have averaged 13.52%. **Appendix V** illustrates the General Fund appropriation amounts for fiscal years 1997 to 2008.

The following table (**Table 3**) displays the increase in full-time undergraduate tuition for a resident at each of the institutions in the four-year system. Consult **Appendix I** to view specific historical information regarding tuition rates at each institution in the four-year system since the 1998-99 academic year.

Table 3. Full-Time Undergraduate Resident Tuition Rate Growth Percentages

Kentucky Institution	Percentage of Growth (1998-99 through 2006-07)	Percentage of Growth (2002-03 through 2006-07)
EKU	137%	77%
KSU	128%	58%
MoSU	115%	66%
MuSU	117%	65%
NKU	141%	69%
UK (Average)*	119%	66%
UofL	114%	53%
WKU	159%	77%
Overall Average	128%	66%

*UK has had differentiated tuition based on academic level since the 2004-05 academic year. The rate used for UK in the 2006-07 academic year is an average of the upper and lower division rates.

Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

To put this growth in perspective, consider the growth of inflation for the same periods. From August 1998 to August 2006, inflation grew at a rate of 24.79%, opposed to the 128% increase in the average tuition rate in the four-year system. From August 2002 to August 2006, inflation grew at a rate of 12.84%, far below the 66% increase in the average tuition charged by institutions in the four-year system.

Enrollment Growth Trends

Enrollment trends for full-time undergraduate residents vary by institution. Four universities (NKU, UK, UofL, and WKU) experienced double-digit growth over this period, while three universities (EKU, KSU, and MoSU) actually started classes in the fall of 2006 with a smaller number of these students than the fall of 1998.

There was a net gain of 5,388 full-time undergraduate residents in the four-year system (or a 9.73% increase), based on a comparison of fall 2006 data to fall 1998 data. However, three institutions (EKU, KSU, and MoSU) saw negative growth during this period. A comparison of fall 2006 full-time resident enrollment to fall 2002 data revealed an even lower growth of 4.26% (2,484 students) for the four-year system.

Table 4 illustrates the enrollment changes at each of Kentucky's eight four-year public institutions. There is a comparison of fall 1998 to fall 2006, as well as fall 2002 to fall 2006. Consult **Appendix II** for a more detailed look at full-time, undergraduate resident enrollment totals at these institutions for each academic year since 1998-99.

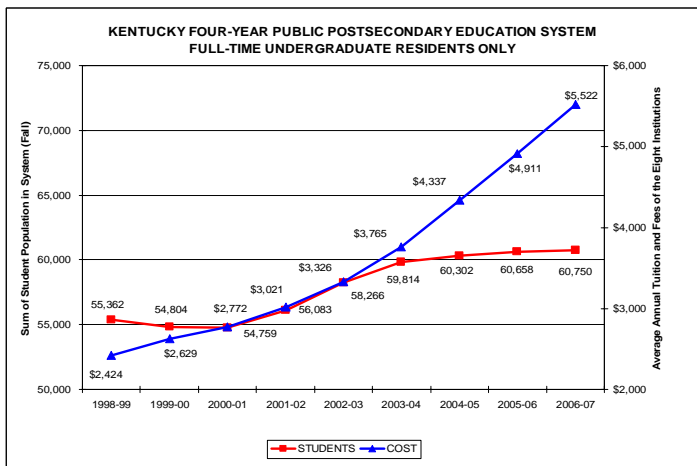
Table 4. Full-Time Undergraduate Resident Enrollment Growth

Kentucky Institution	Growth Percentage (Fall 98-Fall 06)	Growth Percentage (Fall 02- Fall 06)
EKU	-4.21%	4.14%
KSU	-1.98%	9.52%
MoSU	-3.56%	-10.14%
MuSU	4.20%	3.75%
NKU	17.55%	4.31%
UK	12.01%	3.79%
UofL	14.07%	10.36%
WKU	24.57%	6.94%
Overall Average	9.73%	4.26%

Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

The graph below (**Graph A**) exhibits both total enrollment of full-time undergraduate residents within the four-year system and the average resident tuition rates charged by each institution for the academic periods 1998-99 through 2006-07. See **Appendix VIII** for a larger version of this graph and **Appendices XI-XIX** for this information at each of Kentucky's postsecondary institutions.

Graph A. Total Enrollment and Average Tuition Four-Year System Only



Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

As **Graph A** shows, as tuition rates have risen dramatically, full-time undergraduate resident enrollment has slowed and leveled off.

The National Center for Public Policy and Higher Education issues state report cards on higher education. In 2006, Kentucky received an "F" in affordability and postsecondary opportunities. Even though most of the states received failing grades in 2006, this is a dramatic drop from the "B" Kentucky was issued in the same category in 2000.

In part, tuition increases are due to the slowed growth of public financial support for higher education. According to the SREB, Alabama, Mississippi, Virginia, Oklahoma, and Maryland have all increased higher education funding by more than 10 percent for the 2006-07 academic year, when compared to 2005-06 funding levels. When making the same comparison, Delaware, Florida, Georgia, North Carolina, South Carolina, Tennessee, and West Virginia have increased higher education funding by between 6 and 10 percent for the same period.

Kentucky's postsecondary education funding for the 2006-07 academic year, compared to the previous year's funding level, had only a small increase of 1.5 percent. See **Appendix V** to view general fund appropriations to postsecondary education from Fiscal Year 1996-97 through 2007-08.

As tuition has grown increasingly expensive all across the nation, enrollment growth has slowed. The higher education advocate for the State Public Interest Research Group estimated that "nationwide more than 100,000 students per year qualify to go to college and do not, mainly due to costs."

According to the 2006 report card issued by the National Center for Public Policy and Higher Education, Kentucky makes a very low investment in need-based financial aid compared with top performing states, even though the state has increased its investment since 1992. In addition, responsibility for financial aid policy is separate from the overall coordinating responsibility of CPE.

While an affordability study prepared for CPE in 2005 stated that "no longitudinal student data exist that would allow us to estimate the choices that students with different ability to pay made about attending college in Kentucky," the preparers went on to opine that independent students and some dependent students in the lowest income quartile attending four-year public or private institutions are at "the margins of affordability."

The 2006 report card also stated that families in the Commonwealth devote a very large share of family income, even after financial aid, to attend public two and four-year institutions, which enroll 83% of college students in the state. Over the past several years that share has increased from an average of 22% to 30% of family income at the eight public four-year institutions. The percent of income needed to pay net college costs (tuition, room, and board, minus financial aid) at an institution in the four-year system for the forty percent of the population with the lowest income is listed as 43%.

Finding #2: *Since the adoption of Kentucky's postsecondary education reform, Kentucky has been more successful in attracting nonresident students to Kentucky's eight four-year public postsecondary education institutions than enrolling its own residents.*

The enrollment of nonresident full-time undergraduate students has grown at a rate of 38.72% since the fall of 1998, while the comparable resident growth rate is 9.73%. When comparing the fall 2006 and fall 1998 enrollment, 45% of the growth in full-time undergraduate students can be attributed to nonresidents. See **Table 5** for an illustration of the annual increase/decrease in nonresident and resident enrollment.

A comparison of fall 2006 enrollment data to fall 2003 data revealed that Kentucky attracted more nonresidents (1,195) than residents (936) to institutions in its four-year system. For this time period, nonresident students accounted for 56% of the full-time undergraduate enrollment growth.

The difference between the enrollment count for full-time undergraduates in the four-year system as of the fall of 2006 compared to the fall of 2003 is 2,131 students, an increase of 2.86%. This gain in enrollment can be divided by residency status in the following way -- 56.1% of the increase was due to the enrollment of 8.06% more

nonresidents in the fall of 2006 than in the fall of 2003, while 43.9% of the increase was due to the enrollment of 1.56% more residents when comparing the same periods.

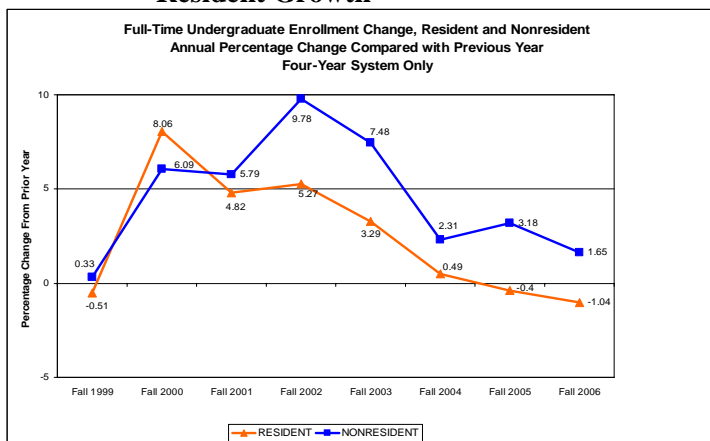
Table 5. Nonresident and Resident Enrollment Growth Comparison

Academic Years Being Compared	Number of Nonresident Students Increase or (Decrease)	Number of Resident Students Increase or (Decrease)
Fall 1998 to Fall 1999	(94)	(558)
Fall 1999 to Fall 2000	458	(45)
Fall 2000 to Fall 2001	710	1,324
Fall 2001 to Fall 2002	1,149	2,183
Fall 2002 to Fall 2003	1,052	1,548
Fall 2003 to Fall 2004	359	488
Fall 2004 to Fall 2005	616	356
Fall 2005 to Fall 2006	220	92
Totals	4,470	5,388

Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

Graph B illustrates the percent of growth trends for both residents and nonresidents. A larger version of this graph is located at **Appendix X**.

Graph B. Percentage Trends in Nonresident and Resident Growth



Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

Finding #3: *Nonresident tuition rates may explain why nonresident enrollment is growing at a higher rate than resident enrollment at the undergraduate level. Low nonresident tuition rates increase the need for state support.*

The CPE has recognized that nonresident students increase the intellectual capacity of the Commonwealth and its educational and social diversity. Increasing nonresident enrollment is a benefit to Kentucky so long as the nonresident tuition rates are fair to Kentucky taxpayers and

the recruitment of nonresidents is not accomplished in lieu of efforts to increase the enrollment of Kentuckians.

While low nonresident tuition rates may attract nonresidents to the four-year system, such rates can shift the cost burden from nonresidents to Kentuckians, understate the value of a Kentucky education, and may provide greater public support for nonresidents than residents.

Tuition Rates and Ratios Within the Four-Year System

As Kentucky has raised its average resident undergraduate tuition rate by 66% in four years, the institutions have taken a decidedly different approach toward nonresident tuition. The average cost of nonresident tuition in the four-year system has risen 51% during that same period.

The 2002-03 academic year saw an average nonresident to resident tuition ratio of 2.66 for the state. By the 2006-07 academic year, that ratio had fallen to 2.41. Neighboring states with reputations for quality postsecondary education typically have an average nonresident to resident ratio higher than the average of Kentucky's four-year system.

The following table (**Table 6**) compares Kentucky's average nonresident to resident tuition ratio with the averages of five other states in the region.

Table 6. Average Nonresident to Resident Tuition Ratios for Selected States

Selected State	2006-07 Nonresident to Resident Tuition Ratio
KENTUCKY*	2.41
Florida	4.70
Georgia	3.61
North Carolina	3.75
Tennessee	3.07
Virginia	2.83

*UK has had differentiated tuition based on academic level since the 2004-05 academic year. The rate used for UK in the calculation of the 2006-07 academic year state averages is based on an average of the upper and lower division rates.

Source: Produced by the APA based on information provided in USNews.com's America's Best Colleges 2007, websites of individual institutions, and CPE's Comprehensive Database.

CPE's current policy requires nonresident students to pay 1.75 times the tuition and fee charges of resident students. The 1.75 ratio is a reduction from past policies. In the years prior to 2003-04, the institutions maintained nonresident to resident tuition ratios more in the range of 3 to 1.

See **Appendix III** for a more detailed look at the 2006-07 academic year tuition and enrollment breakdowns for the eight four-year public postsecondary education institutions in Kentucky.

Versus Other Institutions in the Region

The following table (**Table 7**) provides information concerning the average 2006-07 tuition and fee rates charged to residents and nonresidents attending four-year public postsecondary education institutions in sixteen states, including Kentucky, its contiguous states, and other states in the southeastern region.

Table 7. Regional Analysis of Tuition for Full-Time Undergraduate Study (2006-07)

State	Average Tuition for Full-Time Undergraduate Study at Public Institutions	
	Resident	Nonresident
KENTUCKY*	\$5,521.75	\$13,327.63
Virginia	6,660.36	18,876.91
Ohio	8,312.69	16,211.81
Florida	3,384.33	15,912.44
South Carolina	6,928.30	15,149.30
Illinois	7,139.83	14,989.50
Tennessee	4,760.22	14,602.44
North Carolina	3,736.69	14,022.06
Indiana	5,457.50	13,883.50
Missouri	6,097.85	12,168.77
Georgia	3,295.65	11,881.55
Alabama	4,596.57	10,004.14
Arkansas	4,994.40	9,714.00
West Virginia	3,858.91	9,565.64
Mississippi	4,149.63	9,449.38
Louisiana	3,470.88	8,793.24

*UK has had differentiated tuition based on academic level since the 2004-05 academic year. The rate used for UK in the calculation of the 2006-07 academic year state averages is based on an average of the upper and lower division rates.

Source: Produced by the APA based on information provided in USNews.com's America's Best Colleges 2007, websites of individual institutions, and CPE's Comprehensive Database

Of the sixteen state averages, the average amount that institutions in Kentucky's four-year system charge undergraduate residents was higher than the average amount charged by institutions in ten other states (Indiana, West Virginia, Tennessee, North Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, and Arkansas).

In addition, the average amount that institutions in Kentucky's four-year system charge undergraduate nonresidents was lower than the average amount charged by institutions in eight other states (Illinois, Indiana, Ohio, Virginia, Tennessee, North Carolina, South Carolina, and Florida).

This means that, going by statewide averages only, four states (Indiana, Tennessee, North Carolina, and Florida) were able to charge their undergraduate residents less, while charging nonresidents more than similar groups in Kentucky's four-year system.

As an example, consider the following table (**Table 8**) in which resident and nonresident tuition rates at UK are compared to flagship institutions from eight states in our region. UK's resident tuition rate for 2006-07 falls midway between the other eight; however, UK's nonresident tuition, when compared to the same eight institutions, falls well below all eight.

Table 8. UK Tuition Rates Versus Regional Flagship Institution Rates (2006-2007)

Public Institution	Full-Time Undergraduate Tuition	
	Resident	Nonresident
UK*	\$6,604	\$14,063
Ohio State U.	8,667	20,562
Purdue U.	7,096	21,266
U. of Georgia	4,892	17,722
U. of Florida	3,330	17,860
U. of North Carolina	5,033	19,681
U. of South Carolina	7,408	19,836
U. of Tennessee	5,622	17,188
U. of Virginia	7,845	25,945

*UK has had differentiated tuition based on academic level since the 2004-05 academic year. The rates used for UK in the calculations above involve an average of the upper and lower division rates.

Source: Produced by the APA based on information provided in USNews.com's America's Best Colleges 2007, websites of individual institutions, and CPE's Comprehensive Database

Appendix IV provides more detailed information concerning the tuition and residency rates for each of the four-year public postsecondary education institutions that contributed to the calculation of state averages.

The Commonwealth may inadvertently be offering greater financial support to nonresidents who choose to attend certain four-year public postsecondary education institutions in Kentucky. The College Affordability in Kentucky study, prepared for CPE in 2005, compared the average tuition charged to Kentucky students attending college in neighboring states with the nonresident tuition charged by Kentucky's four-year institutions. Kentucky students paid a higher nonresident tuition than Kentucky institutions charged nonresidents. The report stated that modifications in nonresident tuition were warranted in the interest of fairness to Kentucky taxpayers.

In a separate analysis, the Auditor of Public Accounts considered public support for educational and general operations and the effect that support has when coupled with resident tuition as compared to nonresident tuition rates charged at each of Kentucky's four-year institutions.

Appendix VI details the methodology behind the analysis.

The nonresident tuition rate at four institutions (KSU, MuSU, NKU, and UK) was less than the sum of resident tuition and public support; therefore, the nonresident

tuition rates charged by these four institutions may be inadequate and the Commonwealth may, in fact, be subsidizing nonresidents attending Kentucky public institutions.

Finding #4: *Data is not available to provide a breakdown of actual tuition revenue by residency and full/part-time status.*

Actual tuition receipts broken out by residency and enrollment status were requested to determine the actual cost to Kentucky students for attending institutions in the four and two-year systems. This information is essential to a full understanding of the costs and barriers to fuller participation by Kentuckians in postsecondary education. There can be a huge difference between the “sticker” price and the price actually paid in tuition due to cost reductions such as scholarships, reciprocity discounts, federal and state grants, and borrowed funds.

Although CPE routinely obtains gross tuition figures from the eight four-year institutions, the agency indicated that it was unable to break down that gross figure “by residency and level without additional programming and/or some estimation methodology.”

Net revenue figures are important because, due to reciprocal agreements in place at the institutional level, certain nonresident students attend that institution at a rate less than the published nonresident rate for tuition. In addition, resident tuition is often less than the published amount due to institutional scholarships, fellowships, and assistantships, as well as funds earned through the KEES scholarship program.

The inability to isolate the portion of gross revenues paid by residents/nonresidents or full/part-time students, prohibits the Auditor of Public Accounts, as well as policy makers and legislators, from determining the true revenue received. In addition, any analysis concerning the affordability of postsecondary education in the Commonwealth is less meaningful when the actual costs paid by Kentucky families remain unknown.

Finding #5: *Rising tuition is also impacting enrollment in the two-year system (KCTCS).*

Despite being designed to be Kentucky’s most affordable system of postsecondary education, tuition for the Kentucky Community and Technical College System (KCTCS) has increased in recent years. Full-time resident enrollment has decreased for each academic year starting with the fall of 2004.

Tuition in the two-year system has increased from \$1,896 for full-time resident students during the 2003-2004 academic year, when KCTCS saw full-time resident enrollment peak at 33,288, to \$2,616 for the 2006-2007 academic year, by which time the enrollment for the same subset had dropped to 31,468.

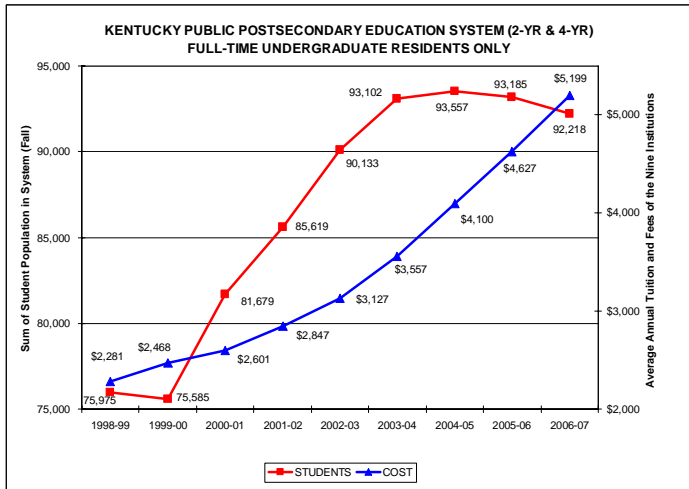
The rate of growth of part-time students at KCTCS also slowed. Resident FTE enrollment at KCTCS institutions has changed only by 737 students from 2003 (47,871) to 2006 (48,608). Of KCTCS’ 2005 headcount enrollment of 84,931, only 14,112 students were enrolled in liberal arts programs, which may lead to an associate’s degree.

Access to higher education through KCTCS is critical to achievement of Kentucky’s higher education goals. Kentucky needs more than just improvement in the subset of full-time undergraduate enrollment to meet the 2020 goals set during postsecondary education reform. Increased participation by non-traditional students, who usually attend as part-time students, is necessary to improve Kentucky’s overall levels of education.

Given that over half of entering freshman in 2004 (53%) were underprepared for college-level mathematics, English, or reading, KCTCS can serve as a gateway to the four-year institutions. KCTCS institutions offer remediation courses at a more affordable cost, not to mention better geographic accessibility.

See **Appendix VII** for a history of enrollment and tuition rates charged in the two-year system from 1998-99 through 2006-07. **Graph C** exhibits total enrollment of full-time undergraduate residents in both the two-year and four-year systems, as well as the average tuition rates for each institution within the two-year and four-year systems. (A larger version is located at **Appendix IX** and a version that consists of only the two-year system is located at **Appendix XI**.)

Graph C. Total Full-Time Enrollment and Average Tuition - Two and Four-Year Systems Combined



Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

KCTCS tuition is higher than comparable systems in other states. For the 2006-07 academic year, KCTCS tuition is \$109 per credit hour for a Kentucky resident. California recently reduced tuition to \$20 per credit hour at its community colleges for the spring semester 2007. Indiana charges \$87.75 per credit hour for resident students at its Ivy Tech system of community colleges. Virginia charges \$75.65 per credit hour to resident students at its community colleges, except for Northern Virginia Community College, where there is an additional fee of \$5.50 per credit hour.

Finding #6: The monitoring of reciprocity agreements has been weakened.

According to CPE, the policy objective behind the reciprocity agreements is to provide low-cost access for Kentucky students near the state's borders. Institutions in participating states would provide the same arrangement to Kentucky residents. Kentucky agrees to charge resident rates to certain nonresidents in exchange for these states doing the same for our students.

In 2004, there were approximately 4,000 FTE students from participating agreement states who attended Kentucky institutions, while approximately 3,000 Kentucky students attended institutions in participating states. This means that Kentucky institutions lowered tuition for 1,000 more students than the number of residents receiving lowered tuition rates.

In 2004, the following provisions were added to the reciprocity agreements, but will be discontinued in future agreements due to "a review of the effectiveness and necessity of each provision:"

- The **Balance Provision** requires an automatic moratorium on new students if a statewide agreement lacks a balance of the number of students participating or financial benefit; and
- The **Strike Price Provision** requires that students pay Kentucky's resident rate of tuition or the participating institution's resident rate, whichever is higher.

Recommendations

As the Commonwealth marks the tenth anniversary of the passage of the Postsecondary Education Reform Act of 1997, this analysis points to the urgent need for a comprehensive review of the linkages between state appropriations, tuition policy, and financial aid.

For Kentucky to achieve the goals mandated by the legislature, the Auditor of Public Accounts offers the following recommendations.

1. The General Assembly, Executive Branch, CPE, and public postsecondary education institutions should ensure tuition is set at a level to encourage resident enrollment and make postsecondary education more accessible to all Kentucky residents.
 - Tuition reductions should be considered and need-based financial aid should be increased to ensure that any student from the Commonwealth would be able to attend Kentucky's two-year and four-year institutions through a combination of state, federal, and institutional support.
 - A policy for nonresidents that is fair to the taxpayers of the Commonwealth should also be considered. Nonresident rates should be reflective of state appropriation levels, student demand, actual cost of instruction, and competitive market factors.
 - A plan to integrate agencies with responsibility for financial aid with the CPE should be considered.
2. Budget decisions by state policymakers should take into account data quantifying the impact of tuition and accessibility on full-time resident undergraduate enrollment. As part of the biennial budget process, the two-year and four-year institutions should quantify the direct relationship between state funding levels and their tuition rates.
3. CPE and the public postsecondary institutions should develop an analysis of the costs and benefits associated with lowering or eliminating resident tuition at the two-year and/or four-year system. This data should be provided to legislators and other policymakers prior to the next budget session.
4. CPE and the education institutions should better quantify net tuition revenue based on student residency and full/part-time status.
5. CPE and the public postsecondary education institutions should jointly review and monitor the various reciprocity agreements to ensure equity for Kentucky taxpayers.

The following approaches should also be considered:

- Adopting a differential tuition approach, which reduces tuition for the first two years of college and then charges a higher rate for the last two years.
- Adopting a dual system approach to tuition setting in the four-year system. Higher tuition could be charged at the research universities (UK and UofL), while substantially reduced tuition for residents could be charged in the regional universities (EKU, KSU, MoSU, MuSU, NKU, and WKU).
- Funding the two-year system at a level to cover tuition for the general academic courses taken by all Kentucky residents. This would allow every Kentuckian to earn his or her general education requirements at an accessible institution and then transfer credits to a four-year institution.

APPENDICES

Table of Contents

I.	Resident Full-Time Undergraduate Tuition Rates at Kentucky's Four-Year Institutions	12
II.	Full-Time Resident Undergraduate Enrollment Data at Kentucky's Four-Year Institutions	13
III.	Nonresident to Resident Tuition Data at Kentucky's Four-Year Institutions	14
IV.	Tuition and Enrollment Data for Regional States	15
V.	General Fund Appropriations for Postsecondary Education.....	19
VI.	Analysis of Public Support for Resident Versus Nonresident Tuition Rates	20
VII.	Resident Tuition and Enrollment Data for Kentucky's Two-Year Institutions	21
VIII.	Total Full-Time Enrollment and Average Tuition -Four-Year System Only	22
IX.	Total Full-Time Enrollment and Average Tuition -Two and Four-Year Systems Combined	23
X.	Percentage Trends in Nonresident and Resident Growth	24
XI.	History of Enrollment and Tuition Rates by Institution Kentucky Community & Technical College System	25
XII.	History of Enrollment and Tuition Rates by Institution Eastern Kentucky University	26
XIII.	History of Enrollment and Tuition Rates by Institution Kentucky State University	27
XIV.	History of Enrollment and Tuition Rates by Institution Morehead State University	28
XV.	History of Enrollment and Tuition Rates by Institution Murray State University	29
XVI.	History of Enrollment and Tuition Rates by Institution Northern Kentucky University	30
XVII.	History of Enrollment and Tuition Rates by Institution University of Kentucky	31
XVIII.	History of Enrollment and Tuition Rates by Institution University of Louisville	32
XIX.	History of Enrollment and Tuition Rates by Institution Western Kentucky University.....	33

Appendix I: Resident Full-Time Undergraduate Tuition Rates at Kentucky's Four-Year Institutions

4-Year Public Institution	Fall 1998 (1998-99)	Fall 1999 (1999-00)	Fall 2000 (2000-01)	Fall 2001 (2001-02)	Fall 2002 (2002-03)	Fall 2003 (2003-04)	Fall 2004 (2004-05)	Fall 2005 (2005-06)	Fall 2006 (2006-07)
EKU	\$ 2,190	\$ 2,390	\$ 2,542	\$ 2,706	\$ 2,928	\$ 3,358	\$ 3,792	\$ 4,660	\$ 5,192
KSU	2,170	2,300	2,440	2,648	3,134	3,370	3,834	4,230	4,950
MoSU	2,270	2,440	2,510	2,710	2,926	3,364	3,840	4,320	4,870
MuSU	2,300	2,400	2,556	2,754	3,032	3,436	3,984	4,416	4,998
NKU	2,264	2,408	2,700	2,820	3,216	3,744	4,368	4,920	5,448
UK (Lower Division)	3,016	3,296	3,446	3,734	3,974	4,546	5,164	5,812	6,510
UK (Average)*							5,239	5,896	6,604
UK (Upper Division)	3,016	3,296	3,446	3,734	3,974	4,546	5,314	5,980	6,698
UL	2,920	3,406	3,447	3,954	4,082	4,450	5,040	5,531	6,252
WKU	2,260	2,390	2,534	2,844	3,312	3,850	4,596	5,316	5,860
Average	\$ 2,424	\$ 2,629	\$ 2,772	\$ 3,021	\$ 3,326	\$ 3,765	\$ 4,337	\$ 4,911	\$ 5,522

*Starting with the 2004-05 academic year, UK's tuition rate differentiates between lower and upper division students. For comparative purposes, the average of the two rates will be used as UK's tuition rate for Fall 2004, Fall 2005, and Fall 2006.

Source: CPE's Comprehensive Database

4-Year Public Institution	Difference in Tuition (Fall 1998-06)	Percent of Growth (Fall 1998-06)	Difference in Tuition (Fall 2002-06)	Percent of Growth (Fall 2002-06)
EKU	\$ 3,002	137%	\$ 2,264	77%
KSU	2,780	128	1,816	58
MoSU	2,600	115	1,944	66
MuSU	2,698	117	1,966	65
NKU	3,184	141	2,232	69
UK (Average)*	3,588	119	2,630	66
UL	3,332	114	2,170	53
WKU	3,600	159	2,548	77
Average	\$ 3,098	128%	\$ 2,196	66%

*Starting with the 2004-05 academic year, UK's tuition rate differentiates between lower and upper division students. For comparative purposes, the average of the two rates will be used as UK's tuition rate for Fall 2004, Fall 2005, and Fall 2006.

Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

Academic Years Being Compared	Percent of Increase based on Average Tuition for Four-Year System*
1999-00 to 1998-99	8.46%
2000-01 to 1999-00	5.44
2001-02 to 2000-01	9.00
2002-03 to 2001-02	10.07
2003-04 to 2002-03	13.21
2004-05 to 2003-04	15.19
2005-06 to 2004-05	13.25
2006-07 to 2005-06	12.43

*UK has had differentiated tuition based on academic level since the 2004-05 academic year. The rate used for UK in the calculations above for the 2004-05, 2005-06, and 2006-07 academic years is an average of the upper and lower division rates.

Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

Appendix II: Full-Time Resident Undergraduate Enrollment Data at Kentucky's Four-Year Institutions

4-Year Public Institution	Fall 1998 (1998-99)	Fall 1999 (1999-00)	Fall 2000 (2000-01)	Fall 2001 (2001-02)	Fall 2002 (2002-03)	Fall 2003 (2003-04)	Fall 2004 (2004-05)	Fall 2005 (2005-06)	Fall 2006 (2006-07)
EKU	9,484	9,153	8,973	8,759	8,724	9,122	9,266	9,206	9,085
KSU	1,009	1,048	876	958	903	952	925	922	989
MoSU	4,946	4,856	4,781	5,082	5,308	5,391	5,197	4,922	4,770
MuSU	4,644	4,504	4,442	4,572	4,664	4,650	4,740	4,869	4,839
NKU	5,540	5,429	5,727	5,981	6,243	6,445	6,306	6,419	6,512
UK	12,554	12,582	12,782	12,976	13,548	13,699	13,843	13,939	14,062
UL	8,707	8,567	8,421	8,520	9,000	9,389	9,769	9,958	9,932
WKU	8,478	8,665	8,757	9,235	9,876	10,166	10,256	10,423	10,561
Total (All 4-Year Institutions)	55,362	54,804	54,759	56,083	58,266	59,814	60,302	60,658	60,750

Source: CPE's Comprehensive Database

4-Year Public Institution	Difference in Enrollment (Fall 1998-06)	Percent of Growth (Fall 1998-06)	Difference in Enrollment (Fall 2002-06)	Percent of Growth (Fall 2002-06)
EKU	-399	-4.21%	361	4.14%
KSU	-20	-1.98%	86	9.52%
MoSU	-176	-3.56%	-538	-10.14%
MuSU	195	4.20%	175	3.75%
NKU	972	17.55%	269	4.31%
UK	1,508	12.01%	514	3.79%
UL	1,225	14.07%	932	10.36%
WKU	2,083	24.57%	685	6.94%
Total (All 4-Year Institutions)	5,388	9.73%	2,484	4.26%

Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

Appendix III: Nonresident to Resident Tuition Data at Kentucky's Four-Year Institutions

4-Year Public Institution	2006-07 Tuition & fees for full-time undergraduate study by a resident	2006-07 Tuition & fees for full-time undergraduate study by a nonresident	Tuition Ratio: Nonres/Res	% of Total Fall 2005 Undergraduate Enrollment (Resident)	% of Total Fall 2005 Undergraduate Enrollment (Nonresident)	Residency Ratio: Res/ Nonres
Eastern Kentucky University	\$ 5,192	\$ 13,530	2.61	90%	10%	9.00
Kentucky State University	4,950	11,840	2.39	67	33	2.03
Morehead State University	4,870	12,950	2.66	84	16	5.25
Murray State University	4,998	13,566	2.71	72	28	2.57
Northern Kentucky University	5,448	10,200	1.87	72	28	2.57
University of Kentucky	6,604	14,063	2.13	83	17	4.88
University of Louisville	6,252	16,072	2.57	86	14	6.14
Western Kentucky University	5,860	14,400	2.46	83	17	4.88
Average	\$ 5,522	\$ 13,328	2.43	68%	19%	

Source: USNews.com's America's Best Colleges 2007, except for the following institutions for which tuition figures came from CPE's Comprehensive Database - Eastern Kentucky University and Kentucky State University. In addition, the rates listed for UK are the average of the rates charged for upper and lower divisions.

Appendix IV: Tuition and Enrollment Data for Regional States

4-Year Public Institutions by State	2006-07 Tuition & fees for full-time undergraduate study by a resident	2006-07 Tuition & fees for full-time undergraduate study by a nonresident	Tuition Ratio: Nonres/Res	% of Total Fall 2005 Undergraduate Enrollment (Resident)	% of Total Fall 2005 Undergraduate Enrollment (Nonresident)	Residency Ratio: Res/ Nonres
Tennessee						
Austin Peay State U.	\$ 4,635	\$ 13,947	3.01	92	8	11.50
East Tennessee State U.	4,637	14,331	3.09	92	8	11.50
Middle Tennessee State U.	4,516	14,298	3.17	93	7	13.29
Tennessee State U.	4,274	13,356	3.12	77	23	3.35
Tennessee Technological U.	4,590	14,284	3.11	96	4	24.00
U. of Memphis	5,256	15,810	3.01	94	6	15.67
U. of Tennessee -Chattanooga	4,668	14,084	3.02	92	8	11.50
U. of Tennessee -Knoxville	5,622	17,188	3.06	87	13	6.69
U. of Tennessee -Martin	4,644	14,124	3.04	94	6	15.67
Average	\$ 4,760	\$ 14,602	3.07	91%	9%	
Missouri						
Central Missouri State U.	\$ 5,835	\$ 11,250	1.93	94	6	15.67
Harris-Stowe State U.	4,760	9,183	1.93	n/a	n/a	n/a
Lincoln U.	5,122	8,952	1.75	85	15	5.67
Missouri Southern State U.	4,096	7,996	1.95	86	14	6.14
Missouri State U. (formerly Southwest Missouri State U.)	5,738	10,658	1.86	93	7	13.29
Missouri Western State U.	5,168	9,008	1.74	n/a	n/a	n/a
Northwest Missouri State U.	6,030	10,416	1.73	n/a	n/a	n/a
Southeast Missouri State U.	5,145	9,000	1.75	88	12	7.33
Truman State U.	6,092	10,522	1.73	77	23	3.35
U. of Missouri -Columbia	7,858	16,983	2.16	81	19	4.26
U. of Missouri -Kansas City	7,591	17,857	2.35	76	24	3.17
U. of Missouri -Rolla	7,889	18,155	2.30	80	20	4.00
U. of Missouri -St. Louis	7,948	18,214	2.29	95	5	19.00
Average	\$ 6,098	\$ 12,169	1.96	86%	15%	
Illinois						
Chicago State U.	\$ 7,138	\$ 12,748	1.79	98	2	49.00
Eastern Illinois U.	7,069	17,482	2.47	98	2	49.00
Governors State U.	4,595	13,235	2.88	98	2	49.00
Illinois State U.	8,040	14,730	1.83	99	1	99.00
Northeastern Illinois U.	5,549	9,629	1.74	99	1	99.00
Northern Illinois U.	7,871	13,421	1.71	96	4	24.00
Southern Illinois U. -Carbondale	7,291	15,257	2.09	86	14	6.14
Southern Illinois U. -Edwardsville	5,938	13,075	2.20	n/a	n/a	n/a
U. of Illinois -Chicago	9,742	22,132	2.27	98	2	49.00
U. of Illinois -Springfield	5,580	14,730	2.64	92	8	11.50
U. of Illinois -Urbana-Champaign	9,966	24,052	2.41	89	11	8.09
Western Illinois U.	6,899	9,383	1.36	92	8	11.50
Average	\$ 7,140	\$ 14,990	2.12	95%	5%	
Indiana						
Ball State U.	\$ 6,160	\$ 15,336	2.49	93	7	13.29
Indiana State U.	6,216	13,632	2.19	90	10	9.00
Indiana U. -Bloomington	7,460	20,472	2.74	70	30	2.33
Indiana U. East	4,471	11,655	2.61	87	13	6.69
Indiana U. -Kokomo	4,502	11,447	2.54	99	1	99.00
Indiana U. Northwest	4,572	11,507	2.52	99	1	99.00
Indiana U. -South Bend	4,659	12,433	2.67	97	3	32.33
Indiana U. Southeast	4,550	11,498	2.53	78	22	3.55
Indiana U.-Purdue U. -Fort Wayne	6,041	13,763	2.28	96	4	24.00
Indiana U.-Purdue U. -Indianapolis	5,608	16,432	2.93	98	2	49.00
Purdue U. -Calumet	5,043	11,290	2.24	92	8	11.50
Purdue U. -North Central	5,567	13,007	2.34	99	1	99.00
Purdue U. -West Lafayette	7,096	21,266	3.00	73	27	2.70
U. of Southern Indiana	4,460	10,631	2.38	91	9	10.11
Average	\$ 5,458	\$ 13,884	2.53	90%	10%	

Appendix IV: Tuition and Enrollment Data for Regional States (continued)

4-Year Public Institutions by State	2006-07 Tuition & fees for full-time undergraduate study by a resident	2006-07 Tuition & fees for full-time undergraduate study by a nonresident	Tuition Ratio: Nonres/Res	% of Total Fall 2005 Undergraduate Enrollment (Resident)	% of Total Fall 2005 Undergraduate Enrollment (Nonresident)	Residency Ratio: Res/Nonres
Ohio						
Bowling Green State U.	\$ 9,074	\$ 16,382	1.81	92	8	11.50
Central State U.	5,294	11,462	2.17	70	30	2.33
Cleveland State U.	7,970	10,712	1.34	98	2	49.00
Kent State U.	8,430	15,862	1.88	91	9	10.11
Miami U. -Oxford (*Automatic scholarship to Ohio residents, one flat tuition rate)	22,997	23,017	1.00	72	28	2.57
Ohio State U. -Columbus	8,667	20,562	2.37	90	10	9.00
Ohio State U. -Lima	5,886	17,109	2.91	100	0	100.00
Ohio State U. -Marion	5,886	17,109	2.91	100	0	100.00
Ohio State U. -Newark	5,886	17,109	2.91	100	0	100.00
Ohio U.	8,727	17,691	2.03	87	13	6.69
Shawnee State U.	5,436	9,576	1.76	91	9	10.11
U. of Akron	8,382	17,631	2.10	98	2	49.00
U. of Cincinnati	8,883	22,635	2.55	90	10	9.00
U. of Toledo	7,494	16,305	2.18	97	3	32.33
Wright State U.	7,278	14,004	1.92	96	4	24.00
Youngstown State U.	6,713	12,223	1.82	91	9	10.11
Average	\$ 8,313	\$ 16,212	2.10	91%	9%	
West Virginia						
Bluefield State College	\$ 3,682	\$ 7,760	2.11	92	8	11.50
Concord U.	4,204	9,338	2.22	88	12	7.33
Fairmont State U.	4,218	7,524	1.78	95	5	19.00
Glenville State College	3,900	9,300	2.38	n/a	n/a	n/a
Marshall U.	4,150	11,054	2.66	82	18	4.56
Shepherd U.	4,400	11,464	2.61	64	36	1.78
West Liberty State College	3,686	9,054	2.46	n/a	n/a	n/a
West Virginia U. Institute of Technology	4,288	11,122	2.59	n/a	n/a	n/a
West Virginia State U.	3,776	8,874	2.35	n/a	n/a	n/a
West Virginia U. -Morgantown (Pre Major)	4,476	13,840	3.09	58	42	1.38
West Virginia U. -Parkersburg	1,668	5,892	3.53	98	2	49.00
Average	\$ 3,859	\$ 9,566	3	82%	18%	
Virginia						
College of William & Mary	\$ 8,490	\$ 25,048	2.95	67	33	2.03
George Mason U.	6,408	18,548	2.89	92	8	11.50
James Madison U.	6,290	16,236	2.58	70	30	2.33
Norfolk State U.	5,056	15,376	3.04	73	27	2.70
Old Dominion U.	6,098	16,658	2.73	92	8	11.50
U. of Virginia -Charlottesville	7,845	25,945	3.31	72	28	2.57
U. of Virginia -Wise	5,692	16,678	2.93	95	5	19.00
Virginia Commonwealth U.	5,383	17,318	3.22	95	5	19.00
Virginia Military Institute	9,473	24,282	2.56	55	45	1.22
Virginia State U.	5,556	12,628	2.27	68	32	2.13
Virginia Tech	6,973	18,929	2.71	74	26	2.85
Average	\$ 6,660	\$ 18,877	2.84	78%	22%	

Appendix IV: Tuition and Enrollment Data for Regional States (continued)

4-Year Public Institutions by State	2006-07 Tuition & fees for full-time undergraduate study by a resident	2006-07 Tuition & fees for full-time undergraduate study by a nonresident	Tuition Ratio: Nonres/Res	% of Total Fall 2005 Undergraduate Enrollment (Resident)	% of Total Fall 2005 Undergraduate Enrollment (Nonresident)	Residency Ratio: Res/Nonres
North Carolina						
Appalachian State U.	\$ 3,917	\$ 13,659	3.49	91	9	10.11
East Carolina U.	3,454	13,668	3.96	86	14	6.14
Elizabeth City State U.	3,242	11,581	3.57	86	14	6.14
Fayetteville State U.	3,205	12,941	4.04	88	12	7.33
North Carolina A&T State U.	3,872	13,314	3.44	77	23	3.35
North Carolina Central U.	3,396	13,140	3.87	87	13	6.69
North Carolina School of the Arts	2,755	14,035	5.09	51	49	1.04
North Carolina State U.	4,784	16,982	3.55	92	8	11.50
U. of North Carolina -Ashville	3,882	14,007	3.61	86	14	6.14
U. of North Carolina -Chapel Hill	5,033	19,681	3.91	83	17	4.88
U. of North Carolina -Charlotte	3,899	14,311	3.67	91	9	10.11
U. of North Carolina -Greensboro	3,813	15,081	3.96	93	7	13.29
U. of North Carolina -Pembroke	3,322	12,582	3.79	95	5	19.00
U. of North Carolina -Wilmington	4,160	14,095	3.39	87	13	6.69
Western Carolina U.	3,945	13,528	3.43	91	9	10.11
Winston-Salem State U.	3,108	11,748	3.78	91	9	10.11
Average	\$ 3,737	\$ 14,022	3.78	86%	14%	
South Carolina						
Clemson U.	\$ 9,868	\$ 20,292	2.06	68	32	2.13
Coastal Carolina U.	7,580	16,270	2.15	54	46	1.17
College of Charleston	7,234	16,800	2.32	65	35	1.86
Francis Marion U.	6,512	12,839	1.97	96	4	24.00
South Carolina State U.	3,639	7,161	1.97	87	13	6.69
The Citadel	7,168	17,487	2.44	49	51	0.96
U. of South Carolina -Aiken	6,590	13,170	2.00	89	11	8.09
U. of South Carolina -Beaufort	5,614	12,530	2.23	81	19	4.26
U. of South Carolina -Columbia	7,408	19,836	2.68	79	21	3.76
U. of South Carolina -Upstate	7,670	15,108	1.97	n/a	n/a	n/a
Average	\$ 6,928	\$ 15,149	2.18	74%	26%	
Georgia						
Albany State U.	\$ 2,833	\$ 10,441	3.69	n/a	n/a	n/a
Armstrong Atlantic State U.	2,560	10,666	4.17	94	6	15.67
Augusta State U.	3,042	10,650	3.50	89	11	8.09
Clayton State U.	2,932	10,248	3.50	98	2	49.00
Columbus State U.	3,164	10,772	3.40	n/a	n/a	n/a
Dalton State College	2,605	10,351	3.97	99	1	99.00
Fort Valley State U.	2,861	10,469	3.66	n/a	n/a	n/a
Georgia College and State U.	4,356	15,078	3.46	98	2	49.00
Georgia Institute of Technology	4,854	19,914	4.10	72	28	2.57
Georgia Southern U.	3,612	11,196	3.10	n/a	n/a	n/a
Georgia Southwestern State U.	3,162	10,770	3.41	98	2	49.00
Georgia State U.	4,646	16,106	3.47	96	4	24.00
Kennesaw State U.	3,266	10,850	3.32	96	4	24.00
Macon State College	1,604	6,412	4.00	n/a	n/a	n/a
North Georgia College & State U.	2,536	10,144	4.00	96	4	24.00
Savannah State U.	3,178	10,860	3.42	n/a	n/a	n/a
Southern Polytechnic State U.	3,322	11,578	3.49	95	5	19.00
U. of Georgia	4,892	17,722	3.62	89	11	8.09
U. of West Georgia	3,210	12,810	3.99	97	3	32.33
Valdosta State U.	3,278	10,594	3.23	96	4	24.00
Average	\$ 3,296	\$ 11,882	3.62	94%	6%	
Florida						
Central Florida U.	\$ 3,502	\$ 17,027	4.86	95	5	19.00
Florida Atlantic U.	3,327	16,390	4.93	95	5	19.00
Florida Gulf Coast U.	3,559	12,704	3.57	91	9	10.11
Florida International U.	3,413	15,812	4.63	85	15	5.67
Florida State U.	3,175	16,306	5.14	87	13	6.69
U. of Florida -Gainesville	3,330	17,860	5.36	95	5	19.00
U. of North Florida	3,352	15,105	4.51	97	3	32.33
U. of South Florida	3,490	16,190	4.64	96	4	24.00
U. of West Florida	3,311	15,818	4.78	87	13	6.69
Average	\$ 3,384	\$ 15,912	4.71	92%	8%	

Appendix IV: Tuition and Enrollment Data for Regional States (continued)

4-Year Public Institutions by State	2006-07 Tuition & fees for full-time undergraduate study by a resident	2006-07 Tuition & fees for full-time undergraduate study by a nonresident	Tuition Ratio: Nonres/Res	% of Total Fall 2005 Undergraduate Enrollment (Resident)	% of Total Fall 2005 Undergraduate Enrollment (Nonresident)	Residency Ratio: Res/Nonres
Alabama						
Alabama Agricultural & Mechanical U.	\$ 4,420	\$ 8,320	1.88	64	36	1.78
Alabama State U.	4,008	8,016	2.00	66	34	1.94
U. of Alabama -Birmingham	4,792	10,732	2.24	94	6	15.67
U. of Alabama -Huntsville	4,848	10,224	2.11	87	13	6.69
U. of Alabama -Tuscaloosa	5,278	15,294	2.90	80	20	4.00
Athens State U.	3,870	7,140	1.84	n/a	n/a	n/a
Auburn U.	5,496	15,496	2.82	67	33	2.03
Auburn U. -Montgomery	4,640	13,430	2.89	96	4	24.00
Jacksonville State U.	4,056	8,112	2.00	87	13	6.69
U. of North Alabama	4,676	8,414	1.80	80	20	4.00
U. of South Alabama	3,510	6,820	1.94	83	17	4.88
Troy U.	4,316	8,320	1.93	40	60	0.67
U. of Montevallo	5,664	11,124	1.96	97	3	32.33
U. of West Alabama	4,778	8,616	1.80	80	20	4.00
Average	\$ 4,597	\$ 10,004	2.15	79%	21%	
Mississippi						
Alcorn State U.	\$ 3,919	\$ 8,887	2.27	84	16	5.25
Delta State U.	4,252	9,192	2.16	92	8	11.5
Jackson State U.	3,964	8,872	2.24	n/a	n/a	n/a
Mississippi State U.	4,596	10,552	2.30	82	18	4.56
Mississippi U. for Women	3,690	8,914	2.42	90	10	9.00
Mississippi Valley State U.	3,832	8,840	2.31	92	8	11.50
U. of Mississippi	4,602	10,566	2.30	65	35	1.86
U. of Southern Mississippi	4,342	9,772	2.25	90	10	9.00
Average	\$ 4,150	\$ 9,449	2.28	85%	15%	
Louisiana						
Grambling State U.	\$ 3,606	\$ 8,956	2.48	n/a	n/a	n/a
Louisiana Tech U.	3,921	9,362	2.39	89	11	8.09
U. of Louisiana -Lafayette	3,360	9,540	2.84	96	4	24.00
U. of Louisiana -Monroe	2,860	8,812	3.08	n/a	n/a	n/a
Louisiana State U. -Baton Rouge	4,449	12,749	2.87	87	13	6.69
Louisiana State U. -Alexandria	3,093	5,553	1.80	n/a	n/a	n/a
Louisiana State U. -Shreveport	3,521	7,847	2.23	n/a	n/a	n/a
McNeese State U.	3,159	9,225	2.92	94	6	15.67
Nicholls State U.	3,458	8,906	2.58	97	3	32.33
Northwestern State U. of Louisiana	3,602	9,680	2.69	93	7	13.29
Southeastern Louisiana U.	3,172	8,500	2.68	97	3	32.33
Southern U. and A&M College	3,592	9,384	2.61	81	19	4.26
Southern U. -New Orleans	2,990	3,738	1.25	n/a	n/a	n/a
U. of New Orleans	3,810	10,854	2.85	n/a	n/a	n/a
Average	\$ 3,471	\$ 8,793	2.52	92%	8%	
Arkansas						
Arkansas State U.	\$ 5,440	\$ 12,145	2.23	90	10	9.00
Arkansas Tech U.	4,880	9,350	1.92	96	4	24.00
U. of Arkansas -Fayetteville	5,808	13,942	2.40	81	19	4.26
U. of Arkansas -Fort Smith	3,720	8,130	2.19	n/a	n/a	n/a
U. of Arkansas -Little Rock	5,510	12,726	2.31	n/a	n/a	n/a
U. of Arkansas -Monticello	4,150	4,930	1.19	90	10	9.00
U. of Arkansas -Pine Bluff	4,326	8,511	1.97	n/a	n/a	n/a
U. of Central Arkansas	6,010	10,706	1.78	95	5	19.00
Henderson State U.	5,210	9,620	1.85	86	14	6.14
Southern Arkansas U.	4,890	7,080	1.45	79	21	3.76
Average	\$ 4,994	\$ 9,714	1.93	88%	12%	

Source: USNews.com's America's Best Colleges 2007, except for the following institutions for which tuition figures came from the individual institution's website: Armstrong Atlantic State U.; Clemson U.; Florida Gulf Coast U.; Indiana U. -Bloomington; Indiana U. -Purdue U. -Columbus; Louisiana State U. -Alexandria; Louisiana State U. -Shreveport; Macon State College; Southern U. of New Orleans; Tennessee Technological U.; U. of Arkansas -Fort Smith; U. of Illinois - Urbana-Champaign; U. of South Carolina -Columbia; and U. of Tennessee -Knoxville.

Appendix V: General Fund Appropriations for Postsecondary Education

Fiscal Year	General Fund Appropriation for Postsecondary Education as Enacted	% Growth From Previous Year	Total General Fund Appropriations	Postsecondary Education as a Percentage of Total Appropriations
1996-97	\$ 771,157,000	-	\$ 5,499,124,100	14.02%
1997-98	797,479,000	3.41%	5,732,920,800	13.91%
1998-99	945,421,600	18.55%	6,180,528,600	15.30%
1999-00	1,015,293,300	7.39%	6,490,706,700	15.64%
2000-01	1,052,805,600	3.69%	6,862,746,900	15.34%
2001-02	1,159,611,300	10.14%	7,225,293,300	16.05%
2002-03	1,115,860,300	-3.77%	7,077,273,200	15.77%
2003-04	1,161,910,900	4.13%	7,311,191,900	15.89%
2004-05	1,173,404,800	0.99%	7,625,764,700	15.39%
2005-06	1,261,823,800	7.54%	8,260,782,900	15.27%
2006-07	1,280,801,100	1.50%	8,725,593,400	14.68%
2007-08	1,377,191,000	7.53%	9,396,862,900	14.66%

Source: Budgets of the Commonwealth as published by Governor's Office for Policy and Management.

Appendix VI: Analysis of Public Support for Resident Versus Nonresident Tuition Rates

APA Estimation Method

The SREB-State Data Exchange funding report includes state and local tax revenues appropriated to colleges and universities. State general-purpose funds for educational and general operations (**E&G Funds**) for the 2004-2005 academic year were obtained from this report. These funds exclude items such as all capital outlays including debt service, tax subsidies to institutions or their students, and re-appropriated tuition. This is an approximation of the portion of state funding that goes directly to educating students and operating an institution.

For each of Kentucky's eight public institutions, the E&G Funds were divided by the fall 2004 FTE resident enrollment to ascertain the estimated amount of public support provided by the General Assembly for each Kentucky resident attending the institution.

Next, the fall 2006 nonresident undergraduate tuition rates were compared to the sum of the fall 2006 undergraduate resident tuition rate and the estimated amount of public support/student. Instances when nonresident rates were less are noted in parentheses.

	EKU	KSU	MoSU	MuSU	NKU	UK	UofL	WKU
2004-2005 State General Purpose Funds for Educational and General Operations (\$s Actual)	68,914,000	17,746,400	39,754,900	46,766,400	41,046,000	153,542,500	116,586,000	66,859,000
FTE Total Resident Enrollment, All Levels (Fall 2004)	11244.00	1182.67	6285.67	5782.33	7719.67	18491.33	13955.00	12105.33
2004-2005 State Funds for E&G Operations divided by FTE Total Resident Enrollment, All Levels (Fall 2004) = @ Public Support/Student (Resident only) (\$s Actual)	6128.96	15005.41	6324.69	8087.81	5317.07	8303.48	8354.42	5523.10
Full-Time, Undergraduate Resident Tuition (Fall 2004) (\$s Actual)	3,792	3,706	3,840	3,984	4,368	5,239	5,040	4,440
Sum of Public Support/Student (Resident Only) and Resident Tuition (\$s Actual)	9,921	18,711	10,165	12,072	9,685	13,542	13,394	9,963
Full-Time, Undergraduate Nonresident Tuition (Fall 2004) (\$s Actual)	10,464	9,350	10,200	10,836	9,096	12,019	13,752	10,800
Estimated Financial Difference Between Enrolling a Full-time, Undergraduate Nonresident versus a Resident (\$s Actual)	543	(9,361)	35	(1,236)	(589)	(1,523)	358	837

Source: 2004-2005 State General Purpose Funds for E&G Operations comes from SREB's State Data Exchange, Survey 2004-2005, Appropriations and Tuition Funding for Higher Education-Related Operations, 2004-2005 with by-college detail spreadsheets; CPE's Comprehensive Database was the source for the remaining information. In addition, the rates listed for UK are the average of the rates charged for upper and lower divisions.

Appendix VII: Resident Tuition and Enrollment Data for Kentucky's Two-Year Institutions

KCTCS Tuition & Fees	Fall 1998 (1998-99)	Fall 1999 (1999-00)	Fall 2000 (2000-01)	Fall 2001 (2001-02)	Fall 2002 (2002-03)	Fall 2003 (2003-04)	Fall 2004 (2004-05)	Fall 2005 (2005-06)	Fall 2006 (2006-07)
	\$ 1,140	\$ 1,180	\$ 1,230	\$ 1,450	\$ 1,536	\$ 1,896	\$ 2,208	\$ 2,352	\$ 2,616

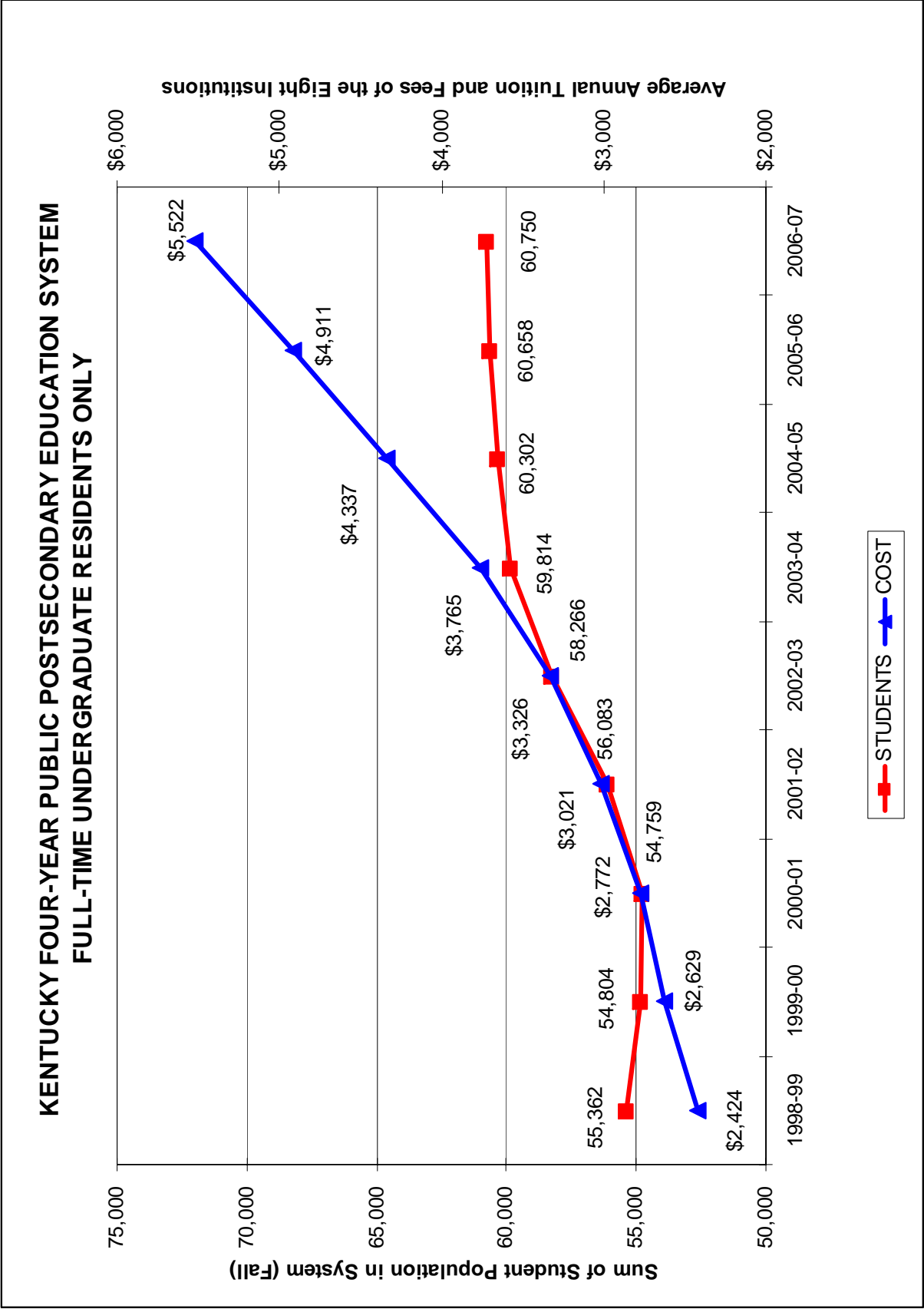
KCTCS Enrollment	Fall 1998 (1998-99)	Fall 1999 (1999-00)	Fall 2000 (2000-01)	Fall 2001 (2001-02)	Fall 2002 (2002-03)	Fall 2003 (2003-04)	Fall 2004 (2004-05)	Fall 2005 (2005-06)	Fall 2006 (2006-07)
Full-Time	20,613	20,781	26,920	29,536	31,867	33,288	33,255	32,527	31,468
Part-Time	19,268	19,907	29,753	38,186	40,659	43,750	44,991	48,555	51,419
FTEs	27,036	27,417	36,838	42,265	45,420	47,871	48,252	48,712	48,608

KCTCS Systemwide	Difference in Tuition (Fall 1998-06)	Percent of Growth (Fall 1998-06)	Difference in Tuition (Fall 2002-06)	Percent of Growth (Fall 2002-06)
Tuition & Fees	\$ 1,476	129%	\$ 1,080	70%

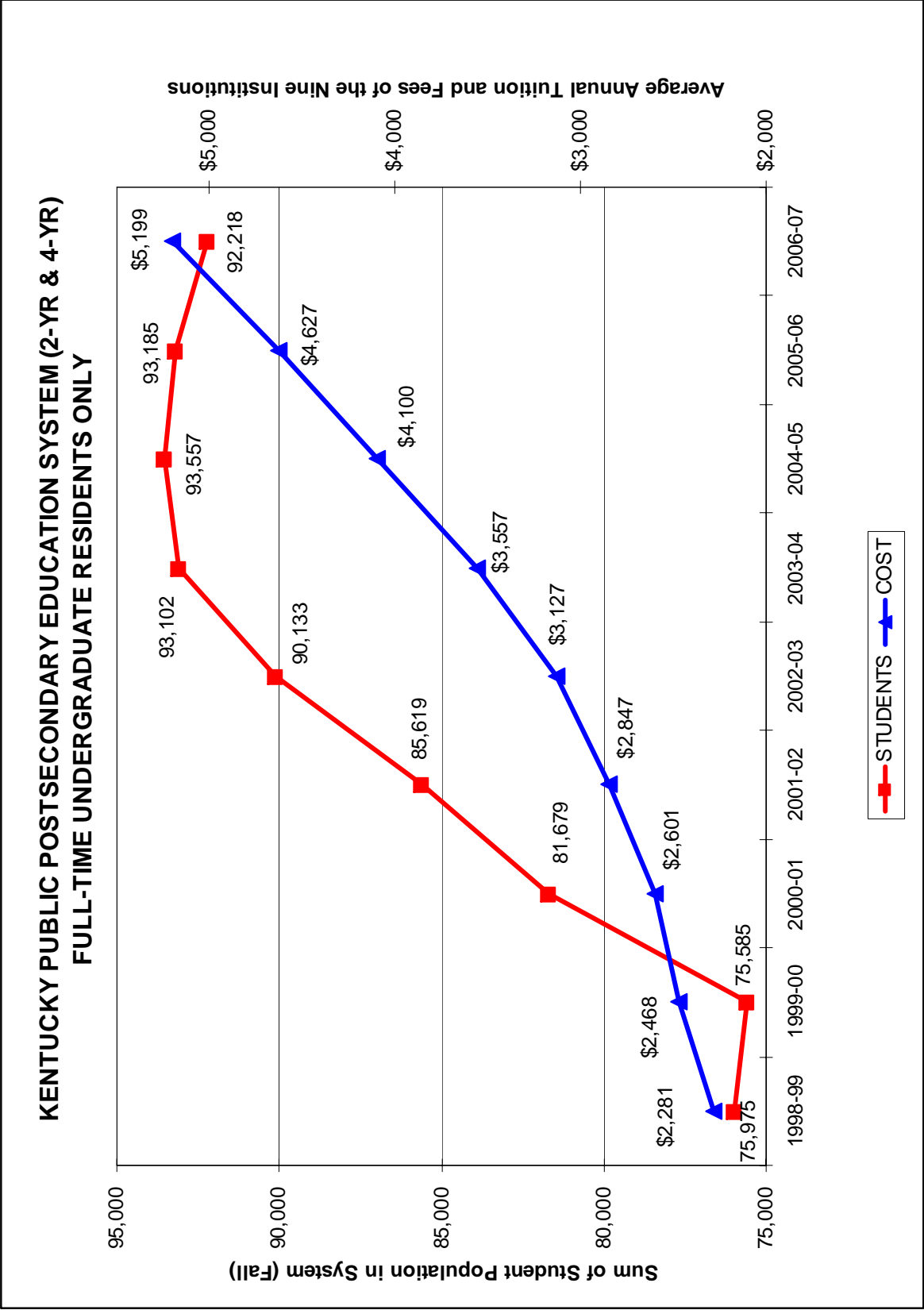
KCTCS Systemwide	Difference in Enrollment (Fall 1998-06)	Percent of Growth (Fall 1998-06)	Difference in Enrollment (Fall 2002-06)	Percent of Growth (Fall 2002-06)
Enrollment	10,855	53%	-399	-1%

Source: Produced by the APA based on information provided in CPE's Comprehensive Database.

Appendix VIII: Total Full-Time Enrollment and Average Tuition - Four-Year System Only

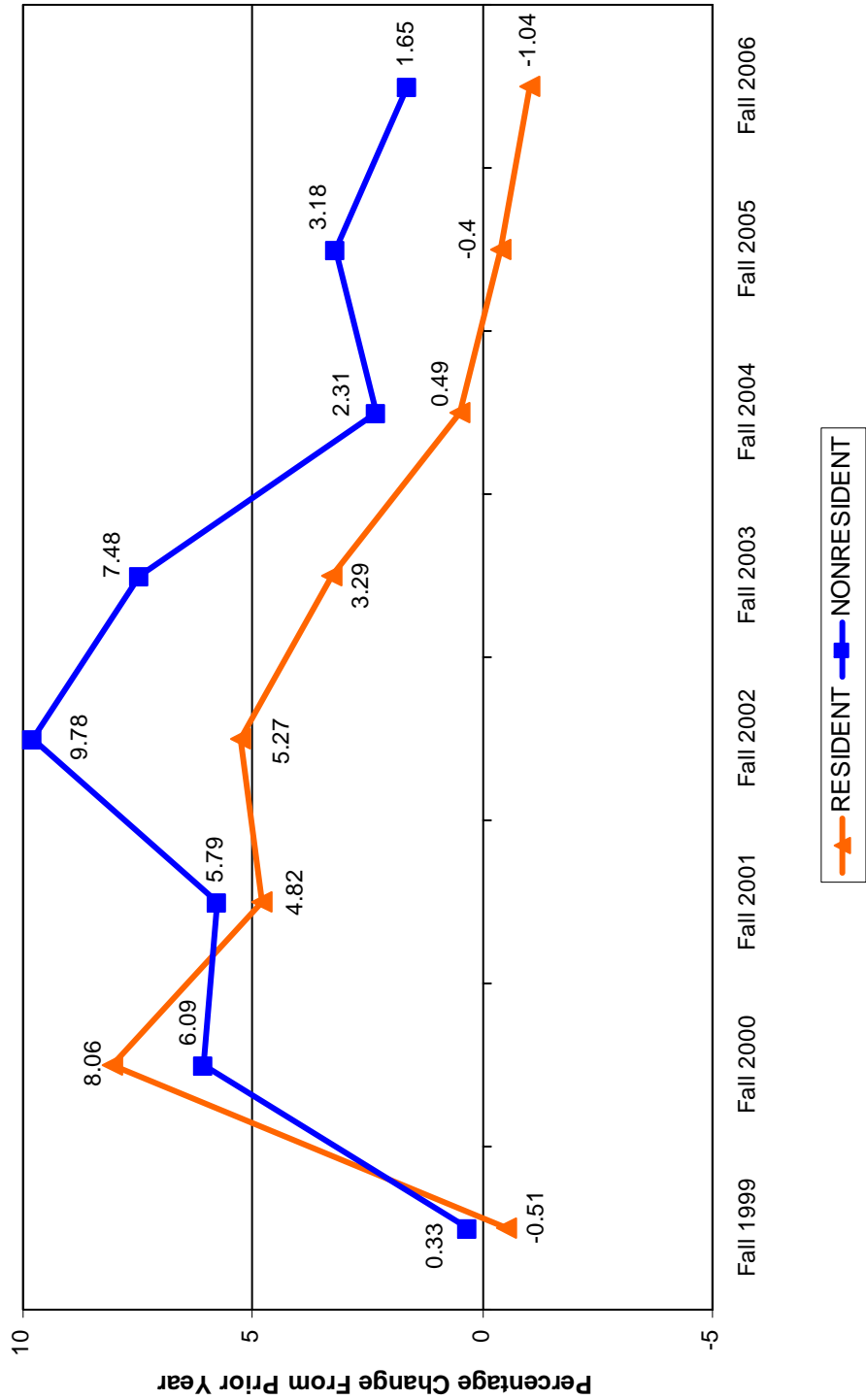


Appendix IX: Total Full-Time Enrollment and Average Tuition - Two and Four-Year Systems Combined

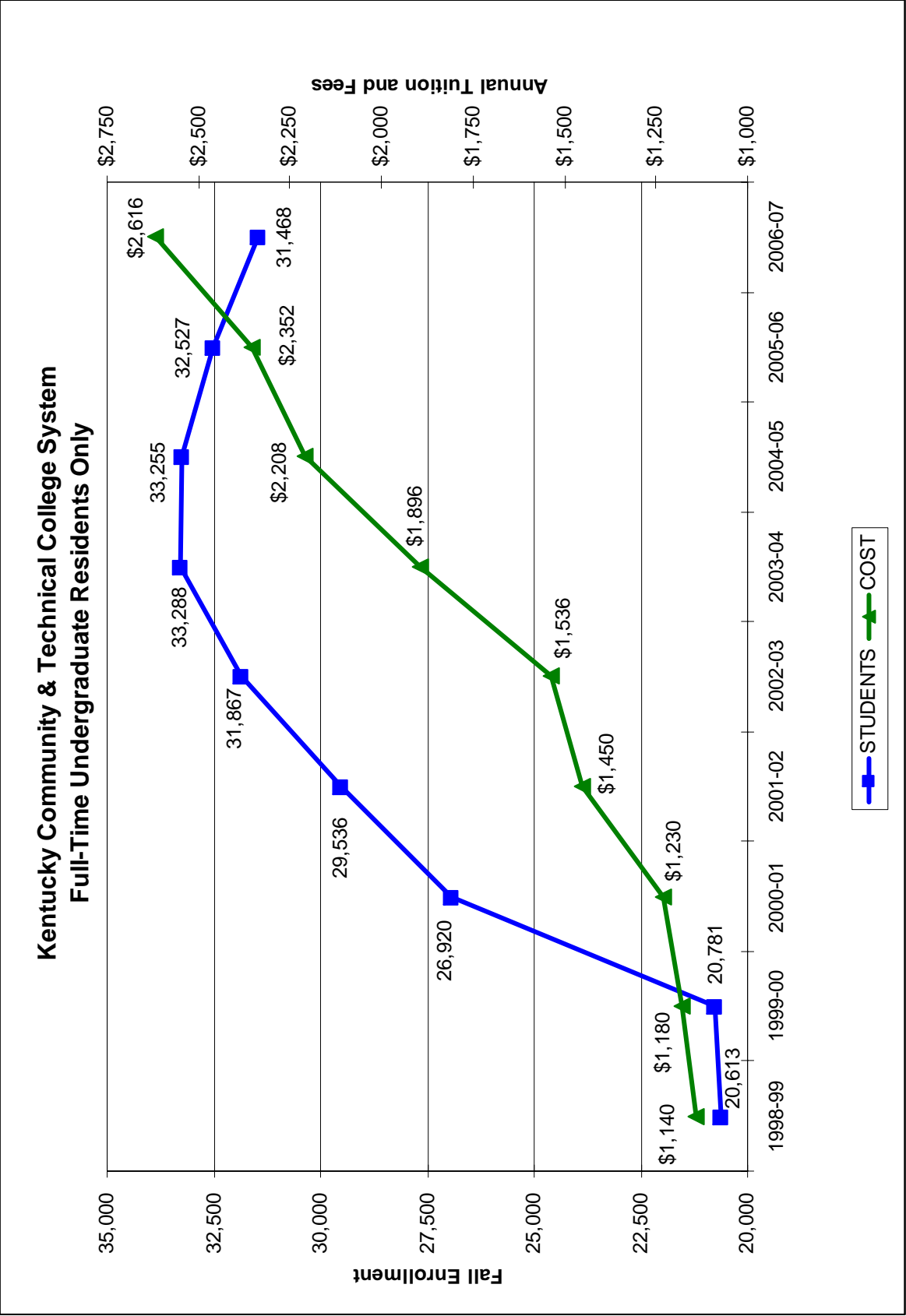


Appendix X: Percentage Trends in Nonresident and Resident Growth

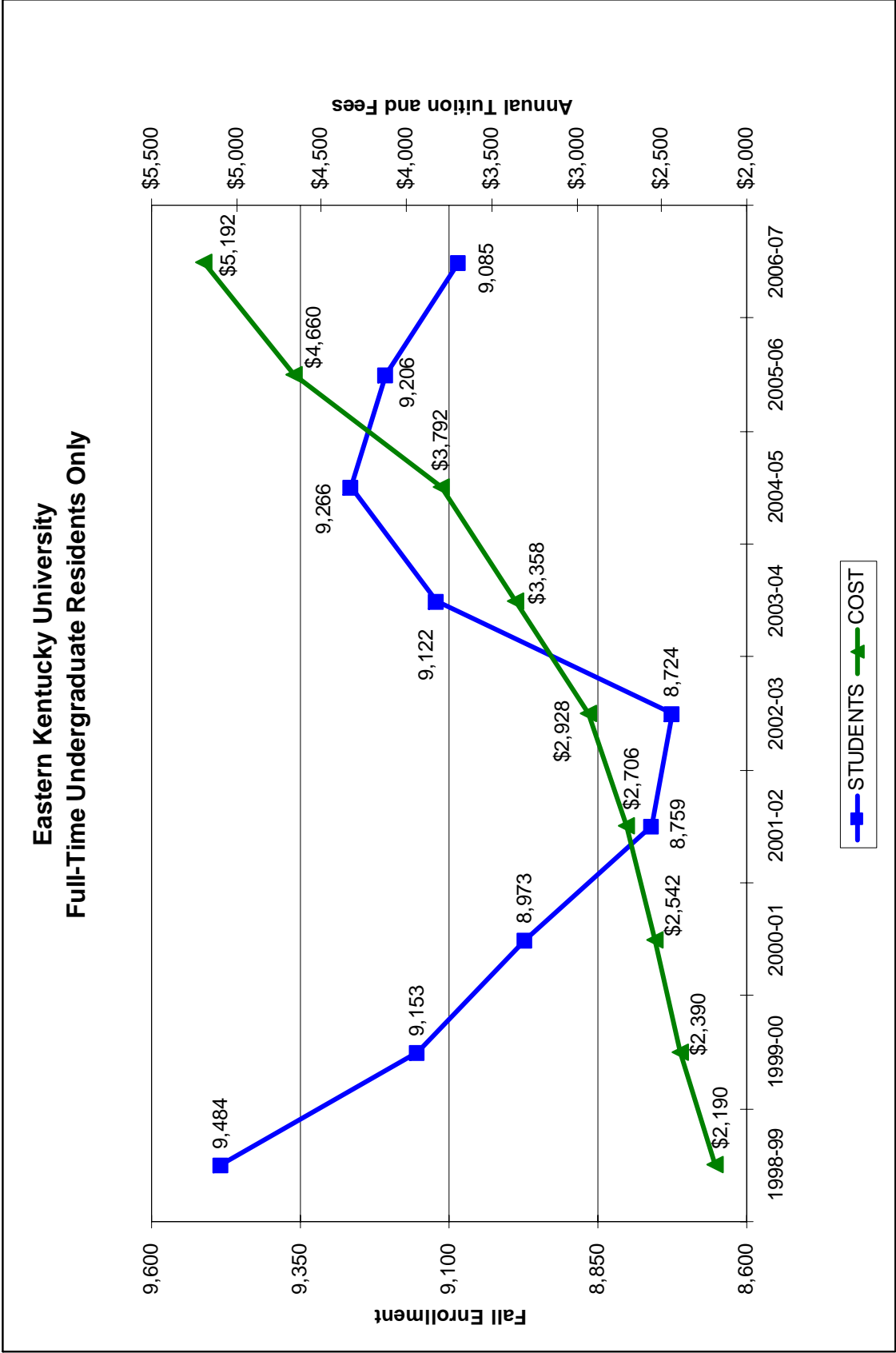
Full-Time Undergraduate Enrollment Change, Resident and Nonresident
Annual Percentage Change Compared with Previous Year
Four-Year System Only



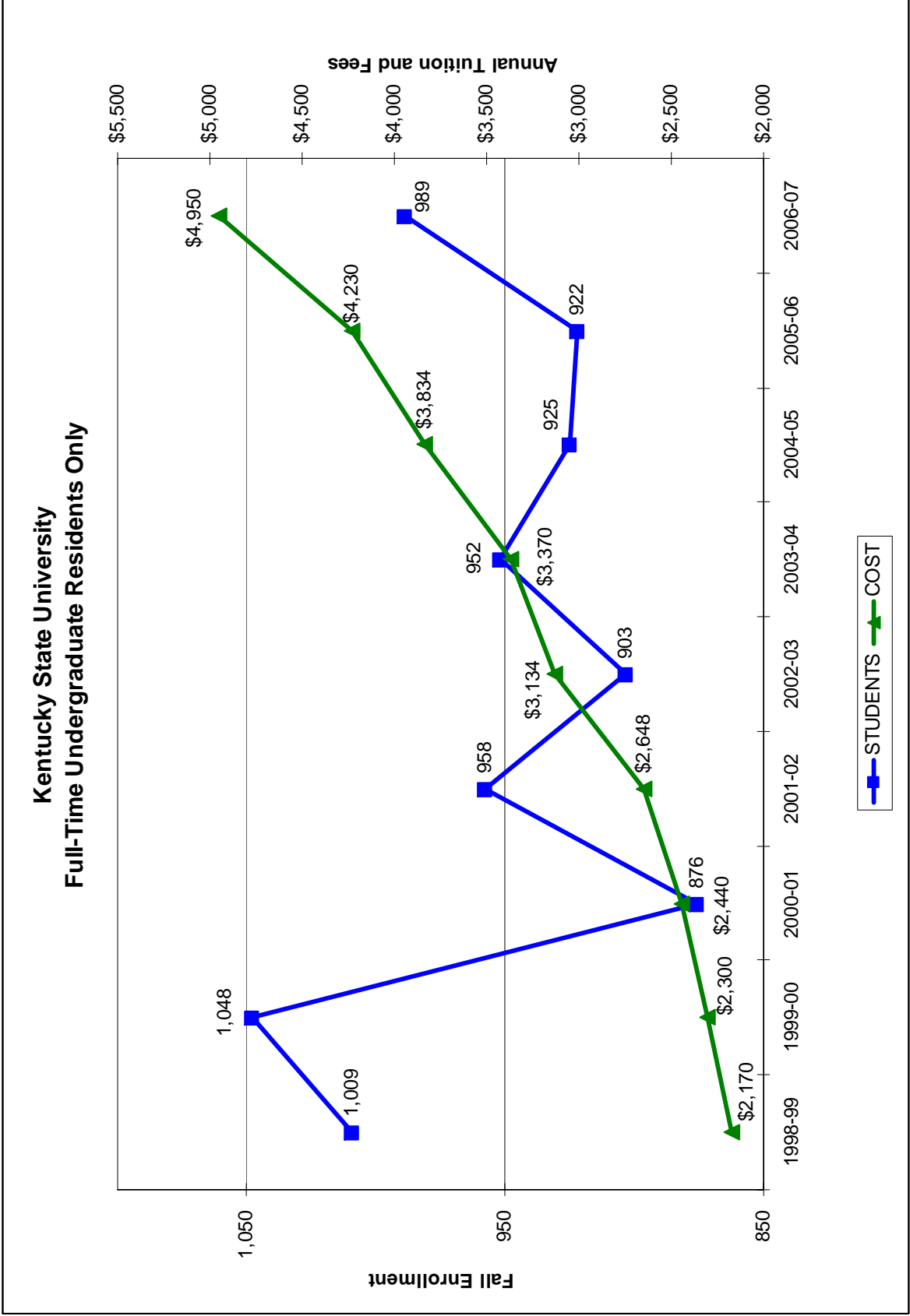
Appendix XI: History of Enrollment and Tuition Rates by Institution



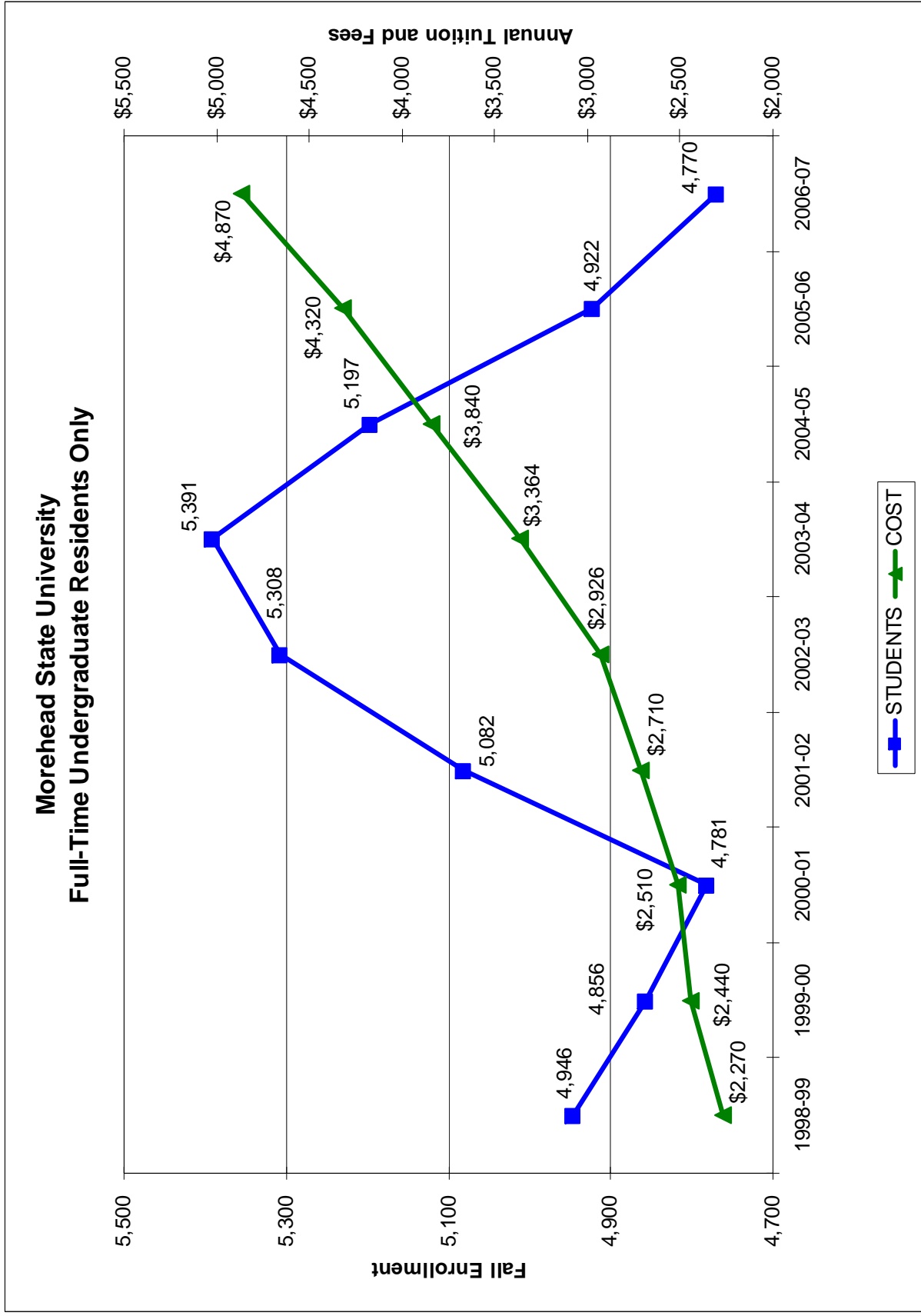
Appendix XII: History of Enrollment and Tuition Rates by Institution



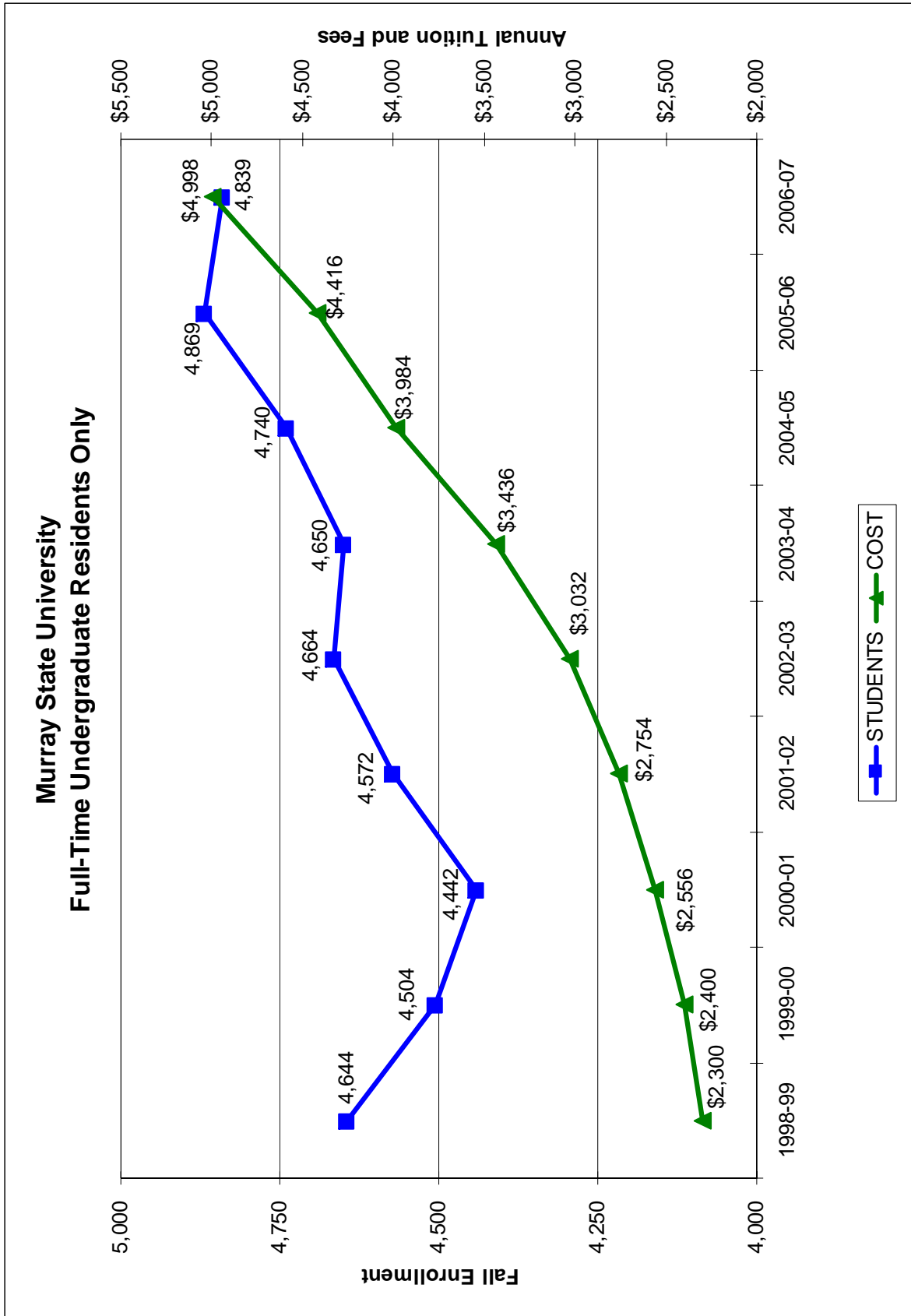
Appendix XIII: History of Enrollment and Tuition Rates by Institution



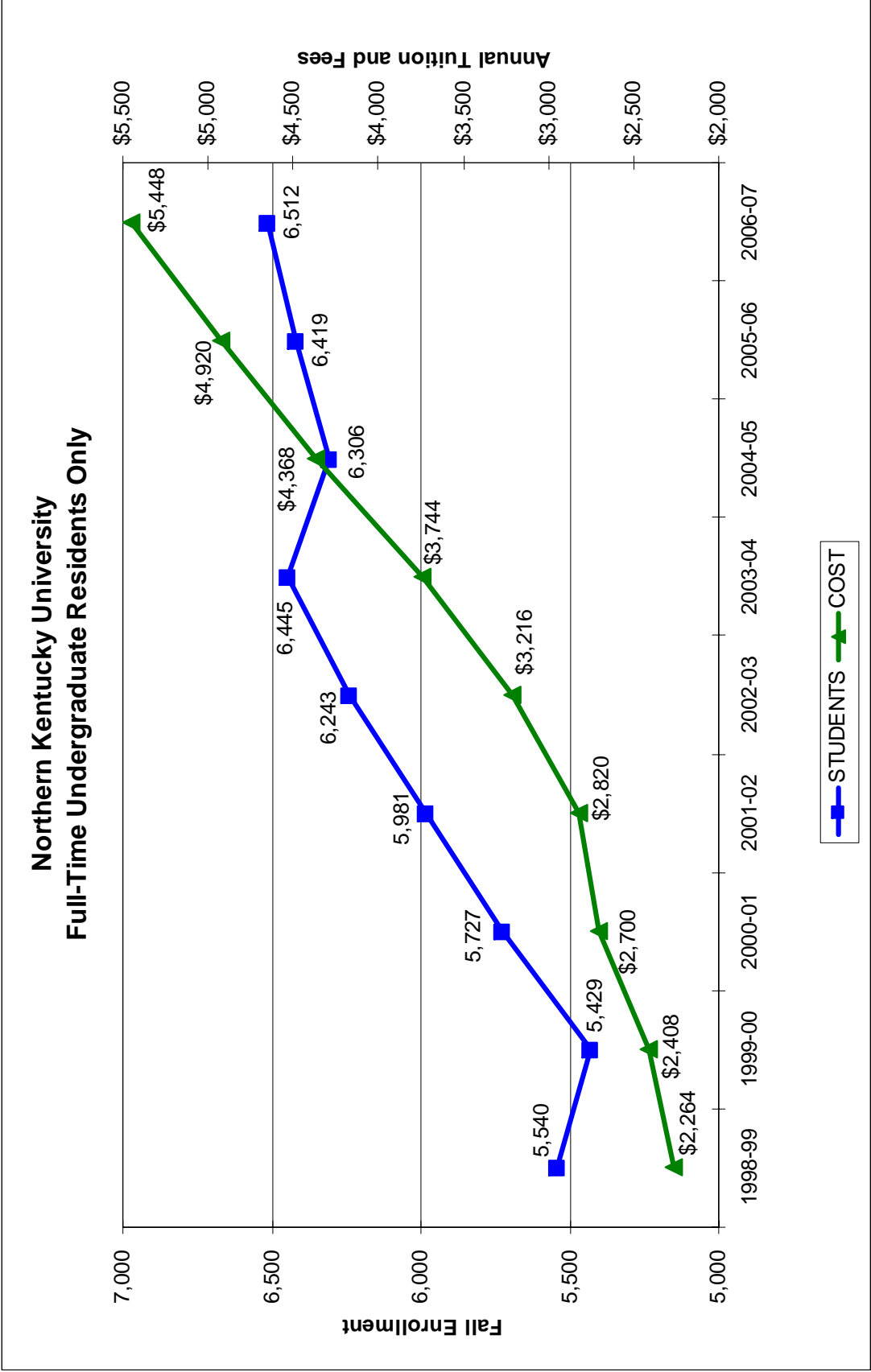
Appendix XIV: History of Enrollment and Tuition Rates by Institution



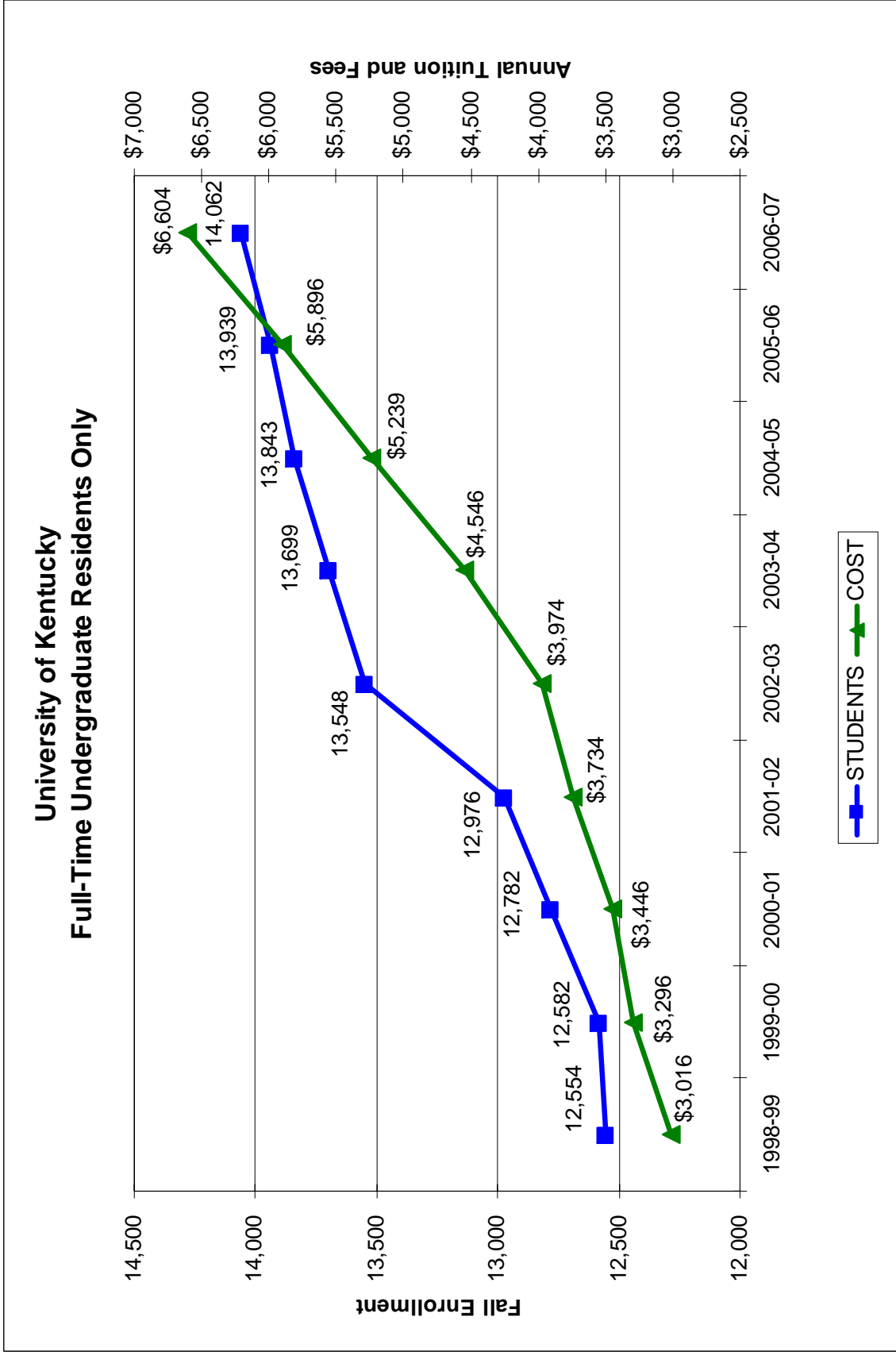
Appendix XV: History of Enrollment and Tuition Rates by Institution



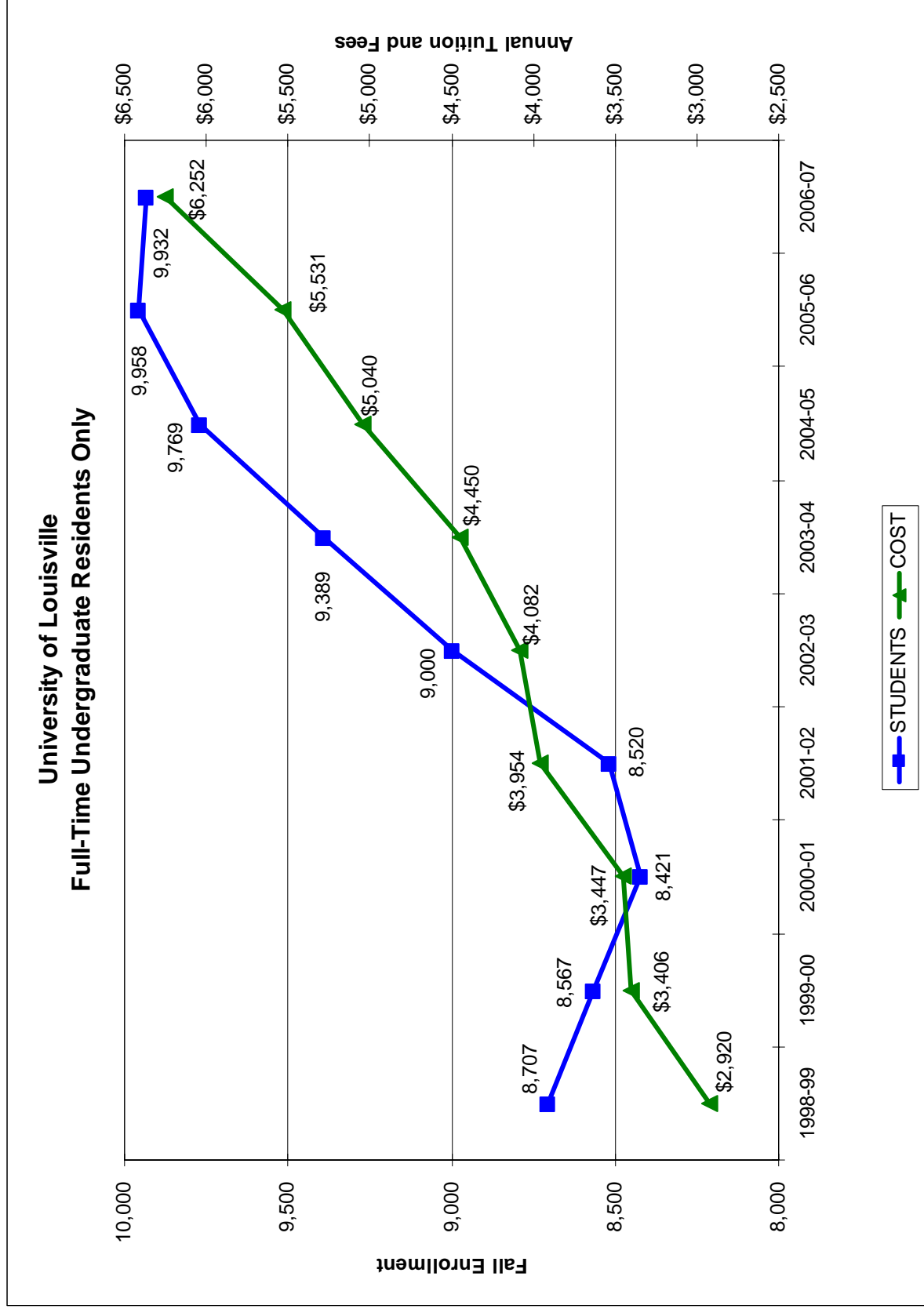
Appendix XVI: History of Enrollment and Tuition Rates by Institution



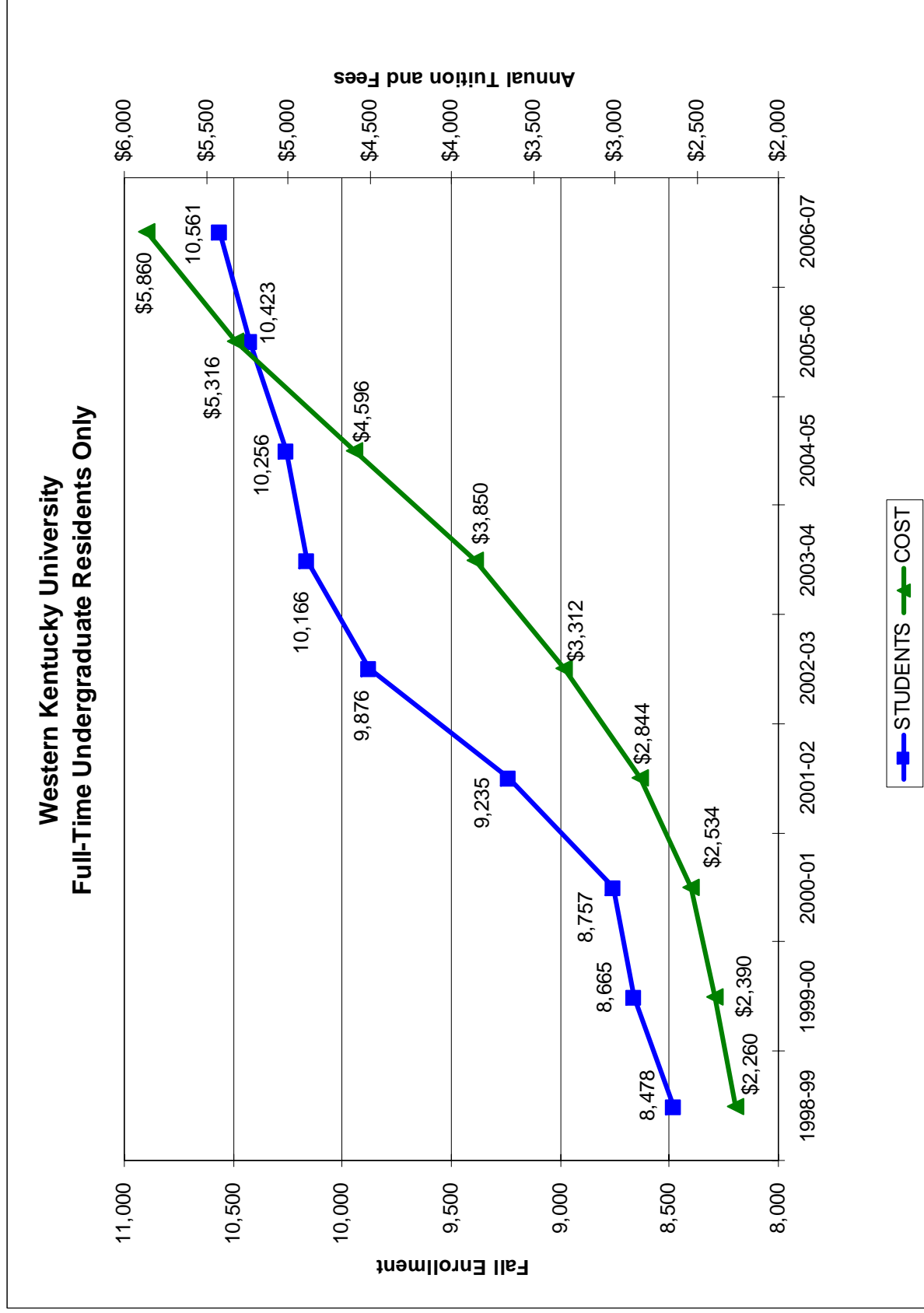
Appendix XVII: History of Enrollment and Tuition Rates by Institution



Appendix XVIII: History of Enrollment and Tuition Rates by Institution



Appendix XIX: History of Enrollment and Tuition Rates by Institution



Auditors Information Page

Contributors To This Report

Crit Luallen, Auditor of Public Accounts

Joseph U. Meyer, Senior Policy Advisor
Ellen M. Hesen, Director, Division of Performance Audit
Jettie Sparks, CPA, Performance Audit Manager
Julie Skeeters, MPA, CGAP, Performance Auditor
Kevin Devlin, JD, MPA, Performance Auditor
Jason Johnson, CGAP, Audit Specialist

Obtaining Audit Reports

This report, along with any of our reports, may be accessed at our website, www.auditor.ky.gov. Alternatively, you may order by mail:

Report Request
Auditor of Public Accounts
105 Sea Hero Rd. Ste. 2
Frankfort, Kentucky 40601

Services Offered By Our Office

The staff of the APA office performs a host of services for governmental entities across the commonwealth. Our primary concern is the protection of taxpayer funds and furtherance of good government by elected officials and their staffs. Our services include:

Financial Audits: The Division of Financial Audit conducts financial statement and other financial-related engagements for both state and local government entities. Annually the division releases its opinion on the Commonwealth of Kentucky's financial statements and use of federal funds.

Examination and Information Technology: The Division supplies computer system control expertise and investigates citizen complaints. The Division audits computer system security and other controls and performs system data analysis. Our fraud hotline, 1-800-KY-ALERT (592-5378), and referrals from various agencies and citizens produce numerous cases of suspected fraud and misuse of public funds referred to prosecutorial offices when warranted.

Performance Audits: The Division of Performance Audit conducts performance audits, performance measurement reviews, benchmarking studies, and risk assessments of government entities and programs at the state and local level in order to identify opportunities for increased efficiency and effectiveness.

Training and Consultation: We annually conduct training sessions and offer consultation for government officials across the state. These events are designed to assist officials in the accounting and compliance aspects of their positions.

General Questions

General questions should be directed to Jeff Derouen, Director of Communication, at (502) 573-0050 or the address above.